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International Court of Justice

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Official Transcript of the International Military Tribunal in the matter of the United States of America, the French Republic, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics against Hermann Wilhelm Goering et al, Defendants, sitting at Nurnberg, Germany, on 2 May 1946, 1000-1300, Lord Justice Lawrence presiding.

THE PRESIDENT: Dr. Siemers, the Tribunal would like to know exactly what your letter means, which they received from you, relating to the following documents which the letter says have been withdrawn. What I want to know is, does that mean that they are not to be translated? Let me read you the numbers: 18, 19, 48, 53, 76, 80, 81, 82, 86, and 101. Now, does your letter mean that those documents are not to be translated?

DR. SIEMERS: No, Your Lordship; that means that the British Delegation informed me yesterday morning that the objections against these documents on the part of the British Delegation no longer exist.

THE PRESIDENT: I see.

DR. SIEMERS: I had written the letter on the 30th of April, in the afternoon, after I had had a conversation with Sir David. The following morning I was informed

THE PRESIDENT: We won't bother with that. You say that their objections no longer exist. If they agree to that, well and good.

SIR DAVID MAXWELL FYFFE: My Lord, apparently there seems to have been some misunderstanding about three of them, 80, 101, and 76. The others were not objected to.

THE PRESIDENT: Yes.

SIR DAVID MAXWELL FYFFE: My Lord, on 76 there seemed to be some misunderstanding between Dr. Siemers and myself. I understood that he did not want to persist in the legal report on the Altmark incident, and I think Dr. Siemers thought that I wasn't persisting. However, I thought Dr. Siemers was withdrawing that.

THE PRESIDENT: Yes. Well then, are you still objecting to that?

SIR DAVID MAXWELL FYFFE: I am still objecting to it if it is not withdrawn, My Lord. However, the others in the list Your Lordship mentioned--that is, 18, 19, 48, 53, 82, and 86--there is no objection to.

THE PRESIDENT: Yes.

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DR. SIEMERS: Concerning Document 76, I agree with Sir David. 76 can be stricken.

THE PRESIDENT: Very well. That's all I wanted to know.

DR. SIEMERS: No. 80 --

THE PRESIDENT: Well, then --

DR. SIEMERS (continuing) -- about which I have spoken with the British Delegation --

THE PRESIDENT: You need not tell me about it.

DR. SIEMERS: I assumed there would not be any objection. I would like to ask that it be admitted.

THE PRESIDENT: Yes, that is right. In order that the Translation Division should get on as soon as possible, the Tribunal has decided upon these documents and the only questions upon which the Tribunal has decided is that they shall be translated. The question of their admissibility will be decided after they have been translated, and I will take them in the categories of objection which are set out in Sir David's memorandum.

In Category A. the first category, No, 66 will be allowed. No. 76. as Dr. Siemers has now said, goes out. 101 to 107 will be allowed. the rest are disallowed in "A" In "B" the following documents will be allowed: 39, 63, 64, 99, and 100. And , of course, 102 to 107, which are allowed under "A". The rest will not be allowed.

Category C: The following will be allowed: 38, 50, 55 and 56. The remainder are not allowed.

Category D: The following will be allowed: 29, 56, 57, 60 and 62.

Category E: The following will be allowed: 31, 32, 36, 37, 39, 41, and of course, 99 and 101 which have already been allowed.

In the last category, Category F, the Tribunal has very great doubts as to the relvance of any of the documents in that Category, but it will have them translated, with the exception of Documents 73.

LT. COL. GRIFFITH JONES: My Lord, I wonder whether the Tribunal would allow me to mention the document numbers of the additional extracts from Der Sturmer which were put in cross-examination of Streicher. I had the numbers, ready to present at a convenient time.

THE PRESIDENT: The exhibit numbers?

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LT. COL. GRIFFITH JONES: Yes.

THE PRESIDENT: You mean read them?

LT. COL. GRIFFITH JONES: With the permission of the Tribunal, I have proposed to hand in that schedule, which is in effect a catalogue or index to the two bundles which the Tribunal had -- Bundle A and Bundle B -- and I proposed then putting this schedule in as an exhibit itself, which will become GB-450, and if the Tribunal agree, that would save reading any numbers out.

THE PRESIDENT: Yes.

LT. COL. GRIFFITH JONES: There is another request I would make. The original of the newspaper, "Israelitsches Wochenblatt," was put in, or has been put in. Those volumes I have borrowed from a library, and I was going to ask the Tribunal's permission to have the extracts photographed and substitute, with the Tribunal's secretariat, the photostats and take back the originals so that they might be returned.

THE PRESIDENT: There seems no objection to that.

LT. COL. GRIFFITH JONES: I am very much obliged.

THE PRESIDENT: You have no objection to that, Dr. Marx?

DR. MARX (Counsel for Defendant Streicher): I have no objection.

I reserved the right to still produce and submit some documents, if I see it necessary. But the presentation of these documents is according to what --

THE PRESIDENT: You have a copy of this document here, this exhibit.

DR. MARX: Yes.

THE PRESIDENT: I am asking you whether you had any objection to the original of the Jewish newspaper being returned--

DR. MARX: No.

THE PRESIDENT: -- after it is photographed.

DR. MARX: No, I have no objection.

THE PRESIDENT: Thank you.

LT COL. GRIFFITH JONES: I am very much obliged.

THE PRESIDENT: Now, Dr. Dix?

The Defendant Schacht resumed the witness-stand and testified further as follows:

DIRECT EXAMINATION (continued)

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BY DR. DIX:

Q Dr. Schacht, I believe you should supplement the answer to the question I put to you yesterday. I put to you that there are memoranda to Hitler and letters from you to Hitler which were full of National Socialist phraseology, letters and memoranda from the date of the seizure of power until later when you went into opposition. The Prosecution, particularly in the oral presentation, if I remember correctly, referred to one letter which you sent to Hitler before the seizure of power in 1932, and there is another letter of large content of August 1932. I believe it would be proper if you would state your position with respect to these two letters, supplementing your answer to my question.

A I explained yesterday already that up to the decisive election of July, 19-32, I had in no way interferred or intervened in the development of the National Socialist movement. I stepped aside completely, After that movement achieved its tremendous success in July, 1932, of which I spoke yesterday, I recognized clearly the developement to come; according to the principles of a democratic political concept there was only one possibility, and that was that the leader of that overwhelmingly large party now should receive the job of forming the government. The other theoretical possibility was a military government and in that connectio eventually a civil war, which I considered impossible from the beginning, and incompatible with my principles.

Therefore, after I had come to that point, after I had recognized these facts I endeavoured to achieve an influence on Hitler and his movement, and that explai the two letters which you have mentioned.

Q Now, we come to the territorial plans of Hitler. What did you know about the plans of Hitler against Austria?

A About the plans against Austria I have never known anything. The plans Hitler had for Austria I did not know in detail either. I knew only that in the same way as the majority of all Germans -- he was in favor of an Anschluss of Austria with Germany.

Q What did you know about his plans against Czechoslovakia?

AA About plans against Czechoslovakia, until the time of the Munich Conferenc I did not know anything.

Q After the Munich Conference, that is to say, the peaceful regulation of th Sudeten question, did you hear a statement of Hitler's, any remark of Hitler's

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about Munich which was of importance for your attitude toward Hitler? Will you tell the Tribunal about that remark about which you have heard?

A May I say at first that according to my knowledge of conditions at that time Hitler was given more in Munich than he had ever expected. According to my observation at that time -- and I expressed that also in my conversation with Ambassador Bullit --Hitler tried to achieve autonomy for the Germans in Czechoslovakia and in Munich the Allies presented him the Sudeten-German territories on a silver platter. I assumed, of course, that now Hitler's ambition would be satisfied and I was surprised and shocked-- and I must say that. When a few days after Munich I saw Hitler I did not have any further conversation with him at that time, but I met him surrounded by a few people, mostly SS men, and from the conversation between him and the SS leaders I could hear the remark, "That fellow has spoiled my march into Prague. That is to say, he used the word, "versiebt," which means" made impossible."

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Apparently he was not satisfied with the great success which he had achieved with foreign politics, buthe lacked that which I explained yesterday, the gloire, the whole build-up which I could understand from that remark.

Q And what were your impressions after Munich, and what wereyour feelings toward Hitler?

A In spite of the foreign political success, I regretted deeply, and so did my close friends, that by such an intervention on the part of Allied politics, our attempt to remove Hitler was -- and we didn't know what would happen in the future, of course, -- made impossible. But of course, at that moment we had to resign ourselves.

Q What did you know about the plans of Hitler against the Memel Land?

A Ididn't know anything at all about that, and never heard anything about it. As far as I remember, I found out about the annexation of Memel Land on my trip to India, on which I had started.

Q Then, since you were in India at that time, you did not find out anything about the negotiations and the attack against Poland?

A No, I did not hear anything about that.

Q Therefore, we do not have to speak here about the May meeting of '39.

A In the beginning of May, I left Berlin and stayed for some time in Switzerland, and then I went to India, started on my trip to India via Genoa, so I neither heard about the Hacha affair, that is the establishment of the protectorate in Czechoslovakia, nor of Memel Land nor of Poland at all, because I did not return from the trip to India until the beginning of August.

Q The invasions of Belgium, Holland, Norway, and Denmark havebeen treated here. Did you approve these measures?

A Underno circumstances.

Q Did you express that disapproval at any place or at any time?

A Before the invasion of Belgium, I was visited by General Quartermaster Wagner who had been sent by Halder, and who, after the collapse, also committed suicide. He informed me about the intended invasion of Belgium. I was shocked, and I replied at that time, "If you want to commit that insane action, then no one can help you anymore."

THE PRESIDENT: What time?

THE WITNESS: Before the march into Belgium. When exactly it was, I could not say. It may have been in November 1939 or it may have been in April 1940, but I do not know for sure any more when it was.

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BY DR. DIX:

Q Now, if you did not approve of that action, Germany then at any rate was in a struggle for life or death. Didn't that cause you, since you were still Minister Without Portfolio, although you had no particular field, to cooperate actively, to keep yourself at their disposal?

A No, I did not do that.

Q Did anyone ask you to do that?

A The visit which I have just mentioned, of General Quartermaster Wagner, upon order of Chief of General Staff Halder, was to persuade me to support the German interest at the occasion of the invasion of Belgium, by supervising banking matters in Belgium, and I refused definitely.

Later I was approached again by the military governor of Belgium, General Falkenhausen, who wanted to consult me concerning the Belgian administration of finances, and I refused my advice and did not make any statement of any kind.

May I relate another instance where I was approached. One day, shortly after America was dragged into the war, I was approached by the newspaper published by Goebbels. They wanted me, because of my knowledge of American conditions, to write an article for that paper, Das Reich, to assure the German people that the war potential of the United States should not be overestimated. I refused to write that article, and explained that just because I knew American conditions very well, my explanation could only be just the opposite. There also, I refused.

Q When did you hear for the first time of the meeting which we call here the Hoszbach meeting, or the meeting about which wehave the Hoszbach notes?

A To my greatest surprise, I was informed of that meeting on October 20, 1945, here in my cell, and I was very much surprised that during all previous interrogations I had never been asked about these notes, because it can be seen clearly from these notes that the Reich Government could not be and

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should not be informed about the warlike intentions of Hitler, and therefore could not know anything about them.

Q Did you take part in similar conferences which were preparatory to attacks, for instance the meeting of November 1940 in which the attack on Russia was discussed?

A The fear of an attack from Russia dates back to the fall of 1936 and therefore has nothing to do with the war. I never took part in any meeting which indicated any intentions of war or the attack on Russia, and never found out anything about it.

Q Does that also apply to the meeting of May 1940?

A At the moment, I do not know which meeting that is, but I did not take part in any meeting in May 1940, nor in any such meeting. During the entire period when I was minister without portfolio, I never took part in any official meeting or conference.

Q Then you could not get any information about the conference which the Japanese Foreign Minister Matsuoka had in Berlin?

A I did not know anything about the Matsuoka conference with the exception, of course, of whatever may have been on the radio or in the press.

Q Mention has been made here that you at one time had put at someone's disposal for Nazi propaganda the sum of 200,000 marks.

A I do not anything about that.

Q Nowwe come to your dismissal as President of the Reichsbank. As you have heard, the Prosecution asserts that in the end you had caused your dismissal in order to get out of the financial responsibilities. I ask you to reply to that accusation and to tell the Tribunal briefly, but exhaustively, about your reasons and the practical deliberations which were at the basis of the memorandum of the Reichsbank Directorate which led to your dismissal and that of your assistants.

A I should like to divide the question into two parts. The first question is whether I tried to get rid of my job as President of the Reichsbank. To that question I have to answer yes. Since the middle of 1938, we in the Reichsbank always thought that if there should not be a change

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of the official course, we certainly did no t desire to continue in office, because --and that brings me to the second part of the question -- the responsibility which we were expected to share then, we did not want to assume.

For anything which had occurred previously and which we considered defensive rearmament in order to achieve equality of Germany in international politics, that which we had done until then, we assumed responsibility, and we assume it before history and this Tribunal. But as to the responsibility for any further rearmament which eventually carried in itself the potential of danger of war or which would lead intentionally to war, that responsibility none of us wanted to assume.

Consequently, when it became clear that Hitler was working toward a further increased rearmament -- and I spoke about that yesterday in connection with the conversation of the 2nd of January 1939 which I had with him at that time -- when we found that out, when that became clear, we wrote the memorandum which is in the hands of this Tribunal, from which it can be seen clearly that we were opposed to every further increase of expenditure and would not assume any responsibility for that. From that, Hitler could see that he could not use the Reichsbank in the future for any purposes of financing rearmament with the same directorate and with the same president as they had then.

Therefore, he had only one possibility, to change the directorate, because without the Reichsbank he could not go on, and he had to take another step. He had to change the Reichsbank Law. That is to say, the independence of the Reichsbank from government resolutions had to be removed. At first he did that secretly because we had that kind of thing of the 20th of January 1939. That law was published only about a half-year later, and that law removed the independence of the Reichsbank and the president of the Reichsbank became only a mere bank teller for the demands for credit by the government, that is to say, Hitler.

The Reichsbank directorate did not want to continue. It was therefore dismissed on the 20th of January, the Reichsbank president, the vice president, and the main financial expert, Reichsbank Director Huelse, and in addition three members of the directorate of the

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Reichsbank, Director Vocke, Director Erhardt, and Director Blessing insisted they be permitted to leave the Reichsbank. Two other members of the Reichsbank directorate, Director Puhl, whose name has been mentioned here before, and Director Hoetschmann, remained in the directorate, and therefore they could not help but stay.

Q That is one accusation concerning your reasons for that memorandum, that is to say, to get out of that financial responsibility. The second accusation was that that memorandum does not mention limitations of armament explicitly, but that that memorandum essentially treats only matters of currency, finances, and economy, and that therefore it was not Dr. Schacht opposing rearmament, but a Dr. Schacht who was worried about matters of currency as President of the Reichsbank, and it was that Dr. Schacht who spoke in that memorandum. It is therefore necessary that you as the author, at least co-author of that memorandum, should state your position, your interpretation of that memorandum.

A Already at an earlier moment I have said here that each and every objection whichI made to Hitler's actions--and that does not only go for myself but for all ministers--could only be made and expressed with arguments which were taken from the field in which one worked. Had I said to Hitler, "I cannot give you any more money because you intend to wage war," I would not have the pleasure to have this conversation with you. I would have had a conversation with my priest, and it would have been very unilateral, because I at this time would be silent in my tomb, and he would have had a monologue.

Q This memorandum is very important, and therefore we have to speak about it one more moment. In conclusion--and please check me--I believe I understand you to mean that this memorandum in the end contained demands, such as further possibilities to raise funds by increase of taxation or other sources, both impossible. Taxation could not be increased. The free market, as far as capital was concerned, had already had an unsuccessful attempt at a loan.

Now, these demands being impossible, there was an assurance that further funds could not be raised for an unhealthy rearmament program. You could only construct your dismissal. Did I understand you correctly, or did I interpret you correctly?

A That entire letter was composed in such a way that there were only two possibilities of an answer, either a change of financial politics--and that meant to stop armament, that is to say, a basic change of Hitler's policy--or the Reichsbankpresident had to be thrown out. The latter happened.

That had been expected, because at that time I had no more belief that Hitler would definitely change his course by 180 degrees.

Q Therefore, the Prosecution is correct in saying that your mission ended with your dismissal.

A Hitler confirmed that himself. In that letter of dismissal he said it verbatim. We heard it, also, from the testimony of Mr. Lammers, that Hitler personally wrote that remark into the letter, that my name was connected and would remain connected with the first epoch of rearmament, but the second epoch of rearmament I refused. Hitler understood that very clearly, because when he received that letter from the Reichsbank he told the people around

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him, "This is mutiny."

Q How do you know that?

A The witness, Vocke, who will be here, I hope, will testify to that.

Q Furthermore, the Prosecution asserted that the fact that you left the political stage could not be attributed to your opposition to war preparations but to disputes of power with Hermann Goering. As such, that reproach seems to be refuted by statements made by Goering and Lammers. I only want to ask you whether you have anything to add to the statements made already by Goering and Lammers, or whether you disagree.

A In his oral presentation, the prosecutor said that throughout the entire evidence which he had studied he had not found a single item which showed my opposition to war politics. I can only say if a man, because he is near-sighted, does not see a tree, there is no reason to assume the tree is not there.

Q You have heard from the Prosecution that you are accused of having remained a member of the Cabinet as a Reich Minister without portfolio. ThatThat was the cause for the misunderstanding that occurred yesterday.

I only wanted to express that he was no more an active minister with portfolio, that is, Minister of Economy. Your Lordship has told me that he was stillMinister, though without portfolio, until January 1943. Of that fact, witness, you were accused by the Prosecution. What caused you to remain Reich Minister without portfolio? Why did you do that? Did youhave any financial reasons? I hope you will excuse me if I mention that here, but the trial brief, on page 5, accuses you of that motive.

A I have repeatedly explained here that my dismissal from office as Minister of Economy met with great difficulties, and you have also submitted several affidavits.

Hitler did not want to show abroad under any circumstances that there had occurred a break or a difference of opinion between one of his assistants and himself. When in the end he approved the dismissal, the resignation, he stated the condition that nominally I should remain Minister without portfolio.

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Concerning the second accusation, this is just as undignified as it is wrong. There was a law in Germany that if a person had two public offices he could be paid only for one. Since I was still President of the Reichsbank and received at first my salary and then my pension from the Reichsbank, I did not receive any salary as a minister.

Q During the entire period of your position as Reich Minister without portfolio, as such did you have anything really to do? Did you have anything to do with the resolutions of the Cabinet, or was that just a title, minister without portfolio? Did it have any substantial content?

A I have emphasized again and again--and I can only repeat it--that after I left the Reichsbank I did not receive a single official conference; that I did not take part in a single official meeting; and that on my part, unfortunately, I did not have any possibility to discuss anything. I lacked every

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factual basis for it, because I had no field of office work.

I believe that I was the only minister without portfolio--there were a few others--who did not have any official activity at all. For instance, in the case of Seyss-Inquart, who was minister without portfolio, he at least had his mission in Holland. Frank was minister without portfolio and had him administration in Poland. Schirach--I do not know whether he was minister without portfolio; I think it has been mentioned, but I am not sure if it is correct--he had his administration in Austria. I didn't have anything to do with the administration or in any way with the State or the Party at that time.

Q What about the current activities? Circulars by Lammers were sent out, and you were alleged to have contributed to that.

A All in all-and I think it can be understood after what I have said that I saw to it wherever there was any possibility, and I saw it very clearly here, very definitely--during the entire time until the collapse I received three official memoranda. The numerous invitations to official funerals and other social occasions are really not worth considering as official communications. I did not take part in these anyway.

However, these three incidents are at least interesting to state. The first time it was a letter from Himmler, a circular or a suggestion for a law from Himmler, who intended, with respect to jurisdiction over the anti-Social elements of the population, to have that transferred to the police or the Gestapo, that is to say, an administrative principle --

Q Well, that is known, Dr. Schacht. You can assume that that is known;

A At once in this question I put my signature on the letter which Frank had sent me, and where he emphasized that here there was a violation of the principles of law. That law was never made. It would have been extremely regrettable, because I am convinced that I myself was definitely an anti-Social element in Himmler's opinion.

The second instance was a letter concerning some decisions about the State property, government property, in Yugoslavia after we had occupied Yugoslavia. I answered that since I did not take part in the preparatory discussions about that draft, I would ask to be excused from any cooperation.

The third incident occurred in November 1942. Apparently by mistake the draft for a law was circulated by the Reich Aviation Minister, which contained the suggestion to take boys of 15 and 16, students of 15 and 16, into the service of anti-aircraft. To this letter--because this was a welcome opportunity for me to state my opinion with regard to the military situation--I answered in a long letter which I sent to Goering --

Q The third of November?

A The 30th of November. There must be a mistake, the 30th of November. On the 2nd of December, I believe, it was taken personally by my secretary to the adjutant of Goering and given to the adjutant of Goering in a closed envelope, with the request that he should open it personally.

Q One moment, Dr. Schacht.

DR. DIX: That letter had been submitted under PS-3700 by the Prosecution, but it is also in our document book under Exhibit 23; page 66 of the English text and page 59 of the German text. If your Honors would have enough time, I would appreciate it greatly if I could read this letter here. It is a very nice letter. However, I have to consider the time, and therefore I ask you, Dr. Schacht, to say a few words about its content.

THE PRESIDENT: The Tribunal will read the letter. It isn't necessary for you to read it now, is it?

DR. DIX: All right. Well, then, may he state a few words about that letter shortly before the recess?

THE WITNESS: Yes. I would like to say, if it is permitted, that to my knowledge that letter has already been read here by the American Chief Prosecutor.

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BY DR. DIX:

Q Read?

A Or mentioned, or at least read as to the main points. I believe it is quite sufficient if you submit that letter in evidence.

Q Yes, that has been done.

Now, that was your entire activity as Reich Minister without portfolio?

A Yes, that was the end of it.

Q So, therefore, if under the headline one wanted to characterize, one can call you a Charactermajor.

A I don't know what a Charactermajor is, At any rate, I was never a Major, but I have always had character.

Q But, Dr. Schacht, that is a historical remark, made by Kaiser Wilhelm the First about the authority he had as German Emperor, to Bismarck.

THE PRESIDENT: I think this is a convenient time to break off.

(A recess was taken.)

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BY DR. DIX:

Q. Dr. Schacht, we have been talking about the letter dated November the 30th, 1942, to Goering. Did that letter have any kind of consequences?

A. Yes, the letter had very considerable consequences. It had the result that on the 22nd of January I did at last receive my long hoped for dismissal from my position of a minister without portfolio. The reason given however, was such which wasn't quite so pleasant. I believe the letter is among the files of the Tribunal. There is a letter attached from Lammers.

Q. Yes, well, we have made it the subject of Lammer's interrogation, didn't we?

A. Yes. But I should only like to refer to the statement which says: "With reference to your entire conduct in the present frightful struggle of the German nation," which referred to my entire attitude.

DR. DIX: Gentlemen of the Tribunal, it is Exhibit No 26 of our document book. It is on page 76 of the English text and on page 69 of the German text.

BY DR. DIX:

Q. Please continue.

A. My entire attitude during this war was, therefore, the reason leading to my dismissal, and the dismissal also contained the statement that I was being dismissed for the time being. According to Lammer's statement, as we heard it here the other day, it was also made on the Fuehrer's initiative and included in the letter. And I was perfectly clearly aware of that expression when I received the letter.

Two years later I was removed from the Prussian State Counsel, of which I was a member, which, incidentally, was a board that hadn't met for at least eight years. At any rate, I wasn't at the meetings. Maybe it was six years, I'm not sure. The wording of that decision was communicated to me by the chairman of that State Counsel, Mr. Goering, and, because of its almost amusing contents, I still recollect it very clearly. It stated:

"My answer to your defeatism, which is undermining the resistance of the German people, and to the letter which you have written, is that I remove you from the Prussian State Counsel."

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I'll say it was amusing because a sealed letter of mine couldn't possibly undermine the resistance of the German people. A further result was that Party leader Bormann demanded from me the return of the golden Party emblem, something which I did, of course, comply with at once. Apart from that, during the subsequent days, I was particularly closely watched by the Gestapo. I immediately left my apartment in Berlin; that is to say, within twenty-four hours, and for the whole day, both on foot and by car, the Gestapo spies followed me through Berlin, and I quietly retired to my farm in the country.

Q. Since on one occasion the trial brief mentioned material and other reasons for the decisions which you have made, the question appears justified to me as to just how the situation was regarding your property and your income after 1933. Please, will you in your reply take into consideration that it is remarkable that in 1942 you had an increased income.

A. A few months ago the press, apparently with the approval of the military government, have published a list of salaries and incomes which the Fuehrer had paid to Party leaders and ministers in Germany and, in connection with that, their income and their property was discussed, and I was on that list. I wasn't mentioned under "taxations", but it was stated that in 1942 I had an unusually high income. The whole list is incorrect, since the figure is a gross figure and does not take into consideration that from that figure the war profit tax was deducted, something which hadn't been known when that list was compiled. So that from the figure, which is stated in that connection, a possible eighty per cent must be deducted; and then the income is by no means remarkable any more. As far as my personal property is concerned, that list shows that in the period of ten years, and by comparison my property has hardly changed. And, I want to emphasize particularly in that connection that during the last twenty years my property remained approximately static and did not increase.

Q. If I remember rightly, then you on your own initiative reduced your own salary as president of the Reichsbank?

A. When, on Hitler's suggestion, President Hindenburg, in March of 1933, appointed me again to the position of president of the Reichsbank, Hitler left

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it to me to decide upon my own income. At that time, I fixed my income to be less than twenty-five per cent than my former income as Reichsbank President, and voluntarily.

Q. Did you ever receive presents or donations from Hitler, be it money, be it in goods, or be it in presents?

A. As I've just mentioned, I have never received any kind of donations from Hitler, and I think he would hardly have risked offering me one. I did, indeed, receive a present on one occasion from Hitler, and that was on the occasion of my sixtieth birthday. He gave me a picture, which certainly had the value of about 20,000 marks. It was an oil painting by a German painter, Spitzweg; so that it would have the approximate value of 20,000 marks if it had been genuine. As soon as the picture was brought into my room I recognized it as a forgery, and I succeeded three months later to trace the original. I started proceedings about the genuineness of the picture, and the forgery was found out before a court.

THE PRESIDENT: It is not appropriate for the Tribunal to listen to this.

BY DR. DIX:

Q. Did Hitler ever give you the right to wear a uniform or give you a par military rank?

A. I think, so as to abreviate the conversation and if the Tribunal will permet me to do so, I will only say that I returned the forgery and it was never replaced; so that I haven't, in fact, received a present from Hitler

Hitler offered me a uniform. He said I could have any uniform I wanted, and I only raised my hand in defense and didn't accept one, not even the uniform of the civil servant.

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Q Now, another subject: Do you know anything about concentration camps?

A Right at the beginning, in 1933, when Goering established concentration camps, I heard, and quite frequently, that political opponents and other un popular or uncomfortable persons were taken away to concentration camps. About this taking away of their liberty I was, of course, extremely perturbed at the time, and I continously demanded, as far as I had the opportunity during any conversations, that the arrest and the taking away to concentration camps should be followed by a legal proceeding, complete with defense, at a proper time. Reichminister of the interior Frick was making efforts in the same direction in the early days. In the subsequent days this type of locking up became less and less publicly known, and from that I gathered that these matters were secretive. Only much later -- that is to say, second half of 1934 and 1935 --

Q When you met Gisevius, you mean?

A Yes, when I met Gisevius -- did I hear again that not only were there deprivations of liberty, but that on certain occasions there was bodily ill treatment, such as beating, etc. I have already said before this Tribunal that as a result, as early as May 1935, I used an opportunity to draw Hitler's attention to these matters personally, and that I told him at the time that such a system would make us despicable to the whole world and would have to cease. I have also mentioned that I had publicly talked, too about these matters whenever there was a possibility of doing so.

But of this serious ill treatment and misdeeds -- murder and all that -- which started later on -- of all that I never heard anything at all. Probably first of all, these matters didn't start until the outbreak of war, and because beginning in 1939 I was living a very retired sort of life.

The dreadful form in which these matters have happened only became known to me when I was here in prison, but I did hear, as early as 1938 or thereabouts that there were deportations of Jews. Certain individual cases were brought to me, and I could only ascertain in each case that there were deportations to Theresienstadt, where there was supposed to be an assembly camp for Jews, where Jews were accommodated until a later date when the Jewish problem should be be treated further. Any physical ill treatment or even killing never did come to my knowledge.

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Q Did you ever look at a concentration camp?

A I had an opportunity or opportunities to see several concentration camps when, on the 23rd of July, 1944, I myself was dragged into a concentration camp. Before that I didn't look at a single concentration camp at any time, but after that I not only saw the normal concentration camps but also the death camp in Flossenburg.

Q Didn't you, in Flossenburg, receive the visit of a man thinking the same way you did?

A All I know about that matter is what I learned from a letter which this man brought to you or possibly to this Tribunal, and in which he describes that visit. I can only, on my own observation --

MR. JUSTICE JACKSON: I think it is improper to give the contents of a letter from a person unidentified. I have said to this Tribunal before that these letters which come from unidentified persons -- if he is identified, it has not been done in evidence -- come to all of us. I am sure members of the Tribunal get a great many of them. If that is evidence, then the Prosecution should reopen its case, because I have baskets of them.

I think it is highly improper to take communications and put them in evidence directly and it is even more improper to relate them by oral testimony when the document is not produced. I think this kind of evidence has no probative value and I object to it.

DR. DIX: I think that I may be permitted to say that I would never do anything improper or have done anything improper. I do not intend in any way to submit this very harmless letter to the Tribunal as evidence, but this letter, which reached me through quite regular channels, brought knowledge to Dr. Schacht and myself that there was a plan to murder him. That is why I asked the witness Kaltenbrunner about the matter. The only reason why I am asking Dr. Schacht is because I expect that he will now inform the Tribunal that there was in fact an order to murder him which existed at that time. That fact, not the letter as such, but that fact, is not quite without significance, because if the regime wants a man killed then that seems at least proof for the fact that they were not particularly well-meaning. That is the only reason why I had asked that this letter shoul be mentioned, and it is, of course, also at Mr. Justice Jackson's disposal. It is

H0121-0023

really quite anuamusing letter, written by a simple man.

I would never have dreamt of submitting that as a document in evidence. If the Tribunal should have any kind of objections against discussing the matter, something which has been discussed when Kaltenbrunner was examined, then I shall certainly refrain from doing so. In fact, I am quite astonished that the matter should be given so much significance.

THE PRESIDENT: Dr. Dix, the Tribunal thinks that the letter isn't being offered in evidence, and therefore you ought not to refer to it. Well, then, don't refer to it.

DR. DIX: Well, let's drop it.

BY DR. DIX:

Q Now, then, at last you find yourself dismissed. What did you do next?

A After that I did nothing else except to continue my efforts towards the removal of Hitler. Those were my only political activities. Apart from that I was living on my farm.

H0121-0024

Q Didn't you in the spring of 1939 go on a journey?

A No, I didn't understand--about the dismissal of the President of the Reichsbank. I was talking about 1943 and you are talking or going back to 1939. In 1939, after the dismissal in January 1939---and I mentioned Hitler was putting it to me that I should go on a journey abroad and at the time I went via Switzerland, where I saw all my friends, to India.

Q Did you work politically in India?

A In India I was merely travelling as a tourise. I didn't carry out any political activities but, of course, I went to see several governors and I spent three days at the Viceroy's house.

Q Didn't you have political connections with Rangoon and with Chinese circles?

A When I was in Burma, after I left India and went to Rangoon, I had the visit of a Chinese friend who had visited me before in Berlin on some occasion and who had been given the task by his government to talk to me about the Chinese positio

Q That is Chiang Kai-Shek's China?

A Yes, it is a China which was already at war with Japan at the time. The other China didn't exist. This gentleman asked me a few questions as to Chiang Kai-Shek and the Chinese Cabinet.

MR. JUSTICE JACKSON: I can't see the slightest relevancy to this. In the first place, we heard it once and secondly, after we had heard it, it has no relevancy to the case. We have no charge against him that he did anything in China and we will stipulate that he was as pure as snow all the time he was in China. We haven't a thing to do with that and it is taking time here that just gets us nowhere, and is keeping us away from the real charge in the case.

THE PRESIDENT: The Tribunal quite understands if you say it is irrelevant. Why do you say it is relevant?

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DR. DIX: I regret that Justice Jackson---we understand each other more than that. It is relevant. It is fully connected with the case, in this statement of the witness.

THE PRESIDENT: I think we heard three times that the defendant Schacht went to India. Three times in his evidence he dealt with that he went to India and China. How is it relevant.

DR. DIX: I am not now talking about the journey to India. We mentioned it briefly to explain the timing. I had put a question, referring to Schacht's negotiations in Rangoon with the envoy coming from Chiang Kai-Shek and at that point Justice Jackson raised his objection, but the fact of the friendly connections to Chiang Kai-Shek's government and support given to them is relevant for the same reason because of which I attached importance to the fact that it became clear here that as far as the Union of Soviet Republics is concerned, Schacht, during the time when Hitler was running a political campaign against them, did still pursue a pre-Soviet economic policy; and now we have case number two, where he is demanding connections which were contrary to Hitler's policy. In other words, he was pro-Chiang Kai-Shek, and with that against Hitle ally, and that was Japan. In that connection, the negotiatio with the Chinese are of significance and I think they won't occupy more than one minute. They were really going to be mentioned in parenthesis.

THE PRESIDENT: The Tribunal thinks that if you consider his relations with China of any importance, it can be stated in one sentence.

DR. DIX: Yes, I am of the same opinion.

THE WITNESS: I will say it in one sentence. In a written memorandum, I advised Chiang Kai-Shek's government to continue holding out against Japan and giving the reason that the economic resources behind China would last longer tha

H0121-0026

the economic resources of Japan and I advised Chiang Kai-Shek that if he pursued a solemn policy, he should predominantly rely on the United States of America.

BY DR. DIX: And then, upon your return from India in August 1939, did you not find a rather tense situation, someone who was just coming back? Did you not then get in touch with the cabinet or with Hitler so as to discuss that atmosphere?

A Of course, I found a very tense situation. There was Poland and I used my return to write a letter to Hitler, a letter to Goering, and a letter to Ribbentrop; that is to say, the three leading men, and in those letters I informed them that I had come back from India and I suggested and I expected that at least one of them would then call on me so I would com and report to him regarding my experiences and that, of course, would have given me an opportunity to talk to these leading men Much to my extreme surprise, I didn't get any answer from Hitler at all, nor any answer from Goering; and Ribbentrop answered by saying that he had seen my letter. Nothing was left to me therefore than to make my own inquiries regarding the state of affairs with Poland and when the things came to a head, I took the well-known steps, which has been described by Gisevius; I mean the attempt to get into the headquarters.

Q Yes, yes; we needn't repeat it. The question which remains open, as far as I am concerned, is that I will ask you, what were you going to tell the generals, particularly General von Brauchitsch, at that last moment, anything that might have had a chance to stop the war?

A I knew perfectly well that economic, political, and general political statements would not cut any ice with von Brauchitsch. He would certainly refer himself to Hitler's leadership. I was going to tell something quite different therefore and, in my opinion, is of the utmost significance. I was going to remind him that he had sworn an oath of allegian

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to the Weimar Constitution. I wanted to remind him that the law, the empowering law did not give powers to Hitler but to the Reich Cabinet and I wanted to remind him that in the Weimar Constitution there was an article, or is an article, which has never been cancelled and according to which, a war cannot be started and declared without the previous agreement by the Reichstag, with their parliament. I was considering that Brauchitsch would mention his oath sworn to Hitler and I would have told him I have sworn the same oath, and "You haven't sworn any oath other than your military one, perhaps, but this oath did not in any way cancel the oath you had sworn to the Weimar Constitution; to the contrary, the oath to the Wiemar Constitution is the one that was in force. You have the duty therefore to see to it that this entire question; namely, war or no war, must come before the cabinet, must be discussed there, and if the Reich Cabinet has passed a resolution, then the matter would go before the Reichstag." If these two steps had been taken, then I am firmly convinced that no war would have started.

Q But, then, of course, you never got as far as Brauchitsch? We don't want any repetition as far as the description of that whole action is concerned, and your visit to the Bendler Strasse, and all that, but have you anything to add to Gisevius' story or have you anything to offer?

A I can only confirm Gisevius's statements in every single point and describe it as correct and I myself only want to add that, for amongst other reasons which kept us away from the visit, Thomas also mentioned the one that Brauchitsch would be probably arrested the very moment, that we should say anything against the war or try to stop him, but to add here as to his oath of allegiance to Hitler. The main reason, however why the visit did not come about, was perfectly and correctly stated by Gisevius and in his affidavit, it is also mentioned

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by General Thomas---the affidavit which we shall still submit-- the main reason was the belief that war had been cancelled. Subsequently, I went to Munich on some business matter and whe I was in Munich, the declaration of war or, rather, the march into Poland surprised me.

Q You mentioned the Reichstag earlier. There was in fact, though not before but after the declaration of war, a meeting of the Reichstag and you at the time were still a minister without portfolio, so that, normally speaking, you should have sat on the minister's bench during that meeting. Did you sit there?

A I didn't participate in that meeting at all and I want to add right now that during the entire war, I only participated in one meeting of the Reichstag, something which I couldn't avoid, considering the matters which I have mentioned here yesterday. This happened after Hitler's return from Paris. During the meeting of the Reichstag, whic followed the reception, I had to be present because, as I said, otherwise it would have been too much of an affront. It was a meeting during which political matters were not talked about at all, but during which the Fieldmarshal titles were being given out by the dozen.

A And, now, regarding that last attempt we have mentioned to stop the outbreak of war. This brings us to that particular chapter of your attempts to make a revolt against Hitler and his Government and then, further, let us make it our principle, whenever possible, not to repeat anythi which the witness Gisevius has already stated. Let us supplement or correct or add whatever you know from your own memory. Before touching upon that chapter, however, may I ask you whether you know from information received from others or any other clues, that the oppositional views and attitude held by you and your friends, and your oppositional aims, were known in circles abroad?

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A I don't want to repeat anything, I merely want to point out that I have already several times stated here that I was completely in touch with my friends in Germany, not only with Americans, Englishmen and Frenchmen, but also with neutrals.

I want to put in one more thing, foreign broadcasting stations allowed themselves to talk ablut my enmity to Hitler. Immediately all of my friends and my family got a shock anytime such matters were audible in Germany.

I tried to find out which group in Germany one might rely upon with an attempt to remove the Hitler regime. Unfortunately in 1935-36 and in 1937, I had to learn the truth that all those in whom I had hopes had failed. I mean in this connection, the scientists, educated citizens and the leaders of economy.

I need only mention that without making offensive speeches, without making any statements , I could not rely on those circles. You could only rely on the military. I got in touch with generals like Kluge, only to find out first of all in the military circles if there might be men who could talk about such things.

Q Were you in any way directly or indirectly a participant in the Munich Putsch.

A No, in no way.

Q Have you anything to add to your statement relative to your activities in 1938?

A This statement is completely and utterly reliable.

Q Then came the war, did you rest your hands when war broke out?

A No, during the entire war, I kept on working on every general whom I could get ahold of. I used the same argument which I have mentioned in connection with the impossible interview with General Brauchitsch; in other words theory wasn't all. I did in practice talk to all the Generals.

Q Wasn't that attempt regarding General Hoeppner?

A In 1941 I tried, not only to get in touch with General

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Hoeppner, but in a series of conversations to get him to take action. Hoeppner was perfectly willing and prepared and unfortunately he too lost his life in connection with the 20th of July, 1944. In 1942 - and this is something which has not been mentioned here because Gisevius wasn't a participant - in 1942 I tried again to suggest something to General Von Witzleben again. This happened by means of making a quick journey to Frankfurt where he was at that time officially stationed, but Von Witzleben appeared quite beside himself, as before, to act, but he told me of course that he could only do so when he had a chance at the front again.

Q Just one moment. In Frankfurt there was Mrs. Struenck, she was involved in this matter?

A Yes, she was and she can confirm it.

DR. DIX: May I tell the Tribunal that at this moment that Mrs. Struenck had been permitted as a witness and she is here. So as to save time, however, I have decided to drop the witness since she could only make cumulative statements regarding something which Gisevius has already said and I don't think that is necessary. The only thing which she could say that is new is something that Schacht has just stated. It is the special journey to Frankfurt to Von Witzleben, but no doubt on the strength of the experiences of this Tribunal, the Tribunal will know that such efforts that were made for a period of years and it doesn't appear necessary to submit proof for that fact. So as to save time, therefore, I am suggesting that Mrs. Struenck should not be called as a witness.

A (continued) May I perhaps say one more thing? During conversations mentioned by Gisevius here, which I had with other generals, that is Beck's group, Fromm, etc., during which I was of course always present myself. The reason why these matters did not get going for some time was because they were always waiting for the outcome of negotiations abroad. I think about that enough has been said here too; so I need not go into any more detail and I shall then come to one last point, which did not become apparent from Gisevius' statement but about which an

affidavit from Colonel Gronau will be submitted here and that is something which I can mention quite briefly so as to save time. Naturally, the group Goerdeler, my friend Struenck and others and Gisevius, together with me, we all agreed with matters relating to the 20th of July and we were all involved. I think it was mutual that whenever possible we only told each other something which the other man had to know, so as to not embarrass the other man too much, should he at any time be submitted to the tortures of the Gestapo. For that reason, apart from being in touch with Goerdeler, Gisevius and Struenck he had another connection, another channel to the generals who were ahead of that and that was the general of the Artillery Lindemann, one of the main participants in that development, who too later on lost his life.

Q Perhaps it is correct and right for me to mention how Lindemann -- if I read part of the affidavit from Gronau which refers to Lindemann, Exhibit No. 39 of our Document book, it is on page 168 of the German test and Page 156 of the English text.

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I shall omit the first part of the affidavit, but I am asking the Tribunal to take judicial notice of it. It refers to things that have already been mentioned, and I shall only read the part that deals with the 20th of July. It is on page 178 of the English text andon page 170 of the German text, and I start with question five:

"Question: You brought Schacht and General Lindemann together. When was that?

"Answer: In the fall of 1943, for the first time in years, I saw General Lindemann again, my former school and regiment comrade. While discussing politics I told him that I knew Schacht well, and General Lindemann asked to be introduced to him, whereupon I established the connection.

"Question: What did Lindemann expect from Schacht, and what was Schacht's attitude toward him?

"Answer: The taking up of political relations with foreign countries following a successful attempt. He promised his future cooperation. At the beginning of 1944 Lindemann made severe reproaches, blaming the generals for hesitating too long. The attempt would have to be made prior to the invasion of the Allies.

"Question: Was Lindemann involved in the attempted assassination of 20 July 1944?

"Answer: Yes, he was one of the main figures.

"Question: Did he inform Schacht of any details of this plan?

"Answer: Nothing about the technical end of the attempt; he did inform him, however, on what was to happen thereafter.

"Question: Did Schacht approve the plan?

"Answer: Yes.

"Question: Did Schacht put himself at the disposal of the military in the event the attempt succeeded?

"Answer: Yes.

"Question: Were you arrested after 20 July 1944?

"Answer: Yes.

"Question: How were you able to last through your imprisonment?

"Answer: By stoically denying complicity."

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Now, we have gone through the years 1941 and 1942 logically. We have talked about the putches, and we have come to 1944, something we could not avoid, and we have to go back to the year 1941.

You have already mentioned efforts abroad in 1941. You were in Switzerland. Did you make any efforts in that direction?

A Every time when I went abroad I have talked to my foreign friends and tried again and again to find some way by means of which one might shorten the war.

Q In this connection, the letter from Fraser is important. I think Fraser's letter and the way it was smuggled into Switzerland has been mentioned by Gisevius. I have had two occasions to state the contents, once when we discussed the admissibility and once when we discussed the translation, and I do not think I need do it again or that I need read it once more, but I shall submit it. It is Exhibit 31, and it is on page 84 of the German and page 91 of theEnglish text. We shall come to that in a moment.

The same applies to the newspaper article which appeared in the Basle News in the same year and which deals with the conversation of theAmerican with Schacht in 1941. I shall not read that either since the main points of the contents have already been discussed. I submit it as Exhibit Number 32, page 90 of the German and page 99 of the English text. May I quote one sentence and may I point out that this article has already been the subject of certain accusations which happened during the cross examination of Gisevius and which were raised by the representative of the Soviet Prosecution.

GENERAL RUDENKO: I would like to make one objection in regard to the document 32; this document, an article about Dr. Schacht, is an article written by an unknown author of his conversation with an unknown economist, and it was published on 14 January 1946. That is, while the trial was actually in progress, and I think that this article co ld not be presented as evidence in regard to Schacht's case.

DR. DIX: May I, before you decide, say something very briefly.

THE PRESIDENT: Yes, certainly.

DR. DIX: The article has been granted. I have been permitted to use it in evidence. We have discussed it, and the Tribunal can, of course, cancel

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that position.

THE PRESIDENT: I think the Tribunal has always made it clear that the allowance of these documents is a provisional allowance and that when the document is actually offered in evidence, they will then decide the relevancy or its admissibility, rather, and its relevancy.

DR. DIX: No doubt, no doubt. I merely wanted topoint out that we had discussed the question once before. Of course, the Tribunal can turn the document down.

THE PRESIDENT: The allowance is provisional. It is not a question of the Tribunal's reversing its previous decision. The previous decision was merely provisional, and the question of admissibility now comes up for decision.

DR. DIX: Yes, I am perfectly aware of that. It is quite clear to me, Your Lordship, but the objection raised by the representative of the Soviet Prosecution surprises me inasmuch as he, or rather, the representative of the Soviet Delegation, himself referred to that article when he questioned Gisevius. He did not submit it to the Tribunal; that is true, but he put it to the witness and referred to it.

However, gentlemen, it is not a frightfully important question, and if there are the slightest objections on the part of the Tribunal to permitting the document, then I shall certainly forego its use. Then if I may, and I think I may, I shall simply ask the witness Schacht whether it is true that he was talking to an American professor of national economy and that they were talking about the possibility of peace, and, of course, I leave it to the Tribunal. I thought it would have been simpler if I submitted the article.

THE PRESIDENT: General Rudenko, as you have raised the objection to this document, what have you to say about the point that Dr. Dix makes that you used the document yourself in cross examination?

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GENERAL RUDENKO: Mr. President, we did not use this document in cross-examination of the witness Gisevius. There is a question of dealing with the article which I emphasize particularly.

THE PRESIDENT: Will you say that again? I did not understand you.

GENERAL RUDENKO: I say that we did not use this document during the cross examination of the witness Gisevius. We merely asked in a leading question so that when the document was presented by Dr. Dix, we would have to say something to it and said that the document has no probitive value.

THE PRESIDENT: But did you not put the contents of the document to Gisevius? I do not remember. What I want to know is did you not put the contents of the document?

GENERAL RUDENKO: No, no, we did not put the contents, and we did not talk about the essence of the document. We merely asked a leading question--whether the witness Gisevius knew about the article in the Basle News, published 14 January 1946. That was the question, and the witness answered Yes, that it was known to him.

DR. DIX: May I say one more thing? It seems to me that the Soviet Delegation does not like it very much if the article is submitted as evidence, and I therefore withdraw it. I see no reason, since I have no reasons of duty, why I should not fulfil this wish of the Soviet Delegation. I would like the Tribunal to consider the matter as settled.

May I now put my question?

You had these conversations?

A Yes.

Q Will you please tell us briefly whom the conversation was with?

MR. JUSTICE JACKSON: First, your Honor, may I interpose an objection? The reason I did not join in the Soviet objection to this document was that I want to know who this economist is. I want to check this thing. There are very peculiar circumstances about this document, and I object to his retailing a conversation with an unknown economist. All I ask is that he identify time and place and person with whom he had his conversation, so that we can do a little verifying of this effort to get something before the Tribunal that did not appear until 1946.

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DR. DIX: The question is now being given a significance which does not tally with its comparative irrelevance and insignificance. I shall, therefore, drop that question too. We will say nothing about the conversation with the professor, and I shall leave it to the Prosecution during their cross-examination to have the question answered which Justice Jackson has just mentioned. It is too much of an omelet.

Your conversation, then, with the unknown professor-

A I tried again and again to abbreviate the war and, of course, I was particularly anxious to get the American President over to my side, and I think that is all I wanted to say in this connection. I do not think I need waste any more time on it.

Q You meant in your letters Ribbentrop and Goering. Did you, apart from that, refer to the policy of the war in any way at any time? First of all, as far as Hitler was concerned.

A I mentioned my discussion from 14 February which I had with Hitler. In the summer of 1941 I read a long letter to Hitler, which the witness Lammers has admitted here and that it was known. I do not think he was asked about the contents of this letter here, or he was not allowed to talk about it, and I should like to do it now.

In that letter, I pointed out -- and I shall use direct language -- "You are at present on the crest of your successful career." This, of course, was after the first Russian successes. "The opponent is thinking that you are stronger than you really are. The alliance with Italy is rather a doubtful one, since Mussolini will fall one day and Italy will drop out. Whether Japan will come to your aid is a debateable point, considering Japan's weakness before America, and I assume that the Japanese will not be so stupid as to make war against America. The output of steel, for instance, despite the fact that there is an equality of population, is about one-tenth of the American steel production, and I do not think, therefore, that Japan will enter into the war, and I now tell you that, whatever happens, the foreign policy should be reversed by 180 degrees and that peace should be aimed at with every means that you have."

Q Did you, during the war, write Ribbentrop or talk to him?

A I do not know when it was, but on one occasion Ribbentrop through

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his State Secretary, von Weizsaecker, had me reproached. He told me not to make any defeatist utterances. That may have been in 1940 or in 1941. At any rate, during one of those two years. I asked him when I made defeatist utterances, and I was told that in France I had talked to a colleague and had given him extensive reasons why Germany could never win this war. That, incidentally, was a conviction that I had before and during the war, and it remained unchanged every minute, even when France fell.

After that I sent Ribbentrop a reply through his State Secretary to the effect that I, as Minister without portfolio, considered it my duty to state my opinion in its true conception, and in that written letter I maintained the view that Germany's economic power would not suffice to see her through that war. A copy of the letter was received both by Minister Funk and by Minister Ribbentrop through his State Secretary.

DR. DIX: I think, your Lordship, that this would be a suitable moment.

(A recess was taken until 1400 hours)

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Official transcript of the International Military Tribunal in the matter of the United States of America, the French Republic, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics, against Hermann Wilhelm Goering et al, Defendants, sitting at Nurnberg, Germany, on 2 May 1946, Lord Justice Lawrence presiding.

HJALMAR SCHACHT -- Resumed

DIRECT EXAMINATION -- Continued

BY DR. DIX:

Q I spoke before of the 20th of July. Do you recall a statement made by Hitler about you in connection with the 20th of July?

A Co-defendant Minister Speer was present and told me about it. It was when Hitler issued the order of the Reich against me on 22 July 1944. During that occasion, he made derogatory remarks about me to the people around him, and stated that he would be impeded by my negative activities and that it would have been better on his part if he had had me shot before the war.

Q I come now to,--and I am endeavoring to conclude--a few general questions.

Within the country, and also abroad, voices could be heard--and also the Prosecution, although your capacities and qualities have been appreciated--also the Prosecution mentioned that one cannot understand how a smart man like you did not recognize the true nature, the intentions of Hitler early enough? I would like you to state your position on that accusation.

A I would have greatly appreciated if I would have known the gentlemen who are judging me best at a time when it still could have been useful. Those are the people who afterwards said that they have known me before what had to happen. I can only state that first, from 1920 on, until the seizure of power by Hitler, I tried to influence the nation and foreign countries in a sense which would have avoided the coming of power of Hitler. I mentioned the relation to an economy of thrift and I was not heeded. I mentioned other measures a gain and again to develop

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a policy of economy which would give Germany the position to live. One did not heed me and the world, it seems now, considered me a man of great knowledge.

Hitler came to power because my advice was not heard. The German people got into great economic need and neither . . .

GENERAL RUDENKO: Mr. President, already for two days we are listening to discussions and explanations on the part of Defendant Schacht and it seems to me that those explanations which are being put forth by Defendant Schacht are not the answers to the questions, but are speeches which I think will just prolong the trial.

THE PRESIDENT: Dr. Dix, the Tribunal is fully aware of the case on behalf of Defendant Schacht They don't want to stop him from putting forth his defense fully, but they would be grateful if you could make your case as short as possible, and if he could make his answers as brief as possible.

DR. DIX: My Lord, I am convinced that until the recess, and maybe even before the recess, I shall be through, but I would like to emphasize that he was accused to have been active in the seizure of power and in that connection, the question arises, how was it so?

THE PRESIDENT: I wasn't ruling that this evidence was inadmissible. I was only asking you to get on with it as quickly as you could.

BY DR. DIX:

Q If the Defendant Schacht will continue and try to comply with the suggestions of the Soviet Prosecutor.

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A. As short as possible, I will not deal details; I only state that on account of the collapse of 1918 and the impossible conditions of the Versailles Treaty, Germany came into a great depression that the Democratic Parties which had the regime in their hands at that time, had not been able to bring about an improvement of conditions; that other nations had not recognized and realized what policies they should have towards Germany. I do not reproach any one, I just state it, and that consequently, out of that depression, Hitler achieved such a majority in the Reichstag as it had not happened since the creation of the Reichstag.

And, now, I ask thepeople who say what I should have done, since they didn't tell me at that time but they only tell me now, I ask them what they would have done. I have stated that I was against the military regime; that I wanted to avoid a civil war and that in keeping with democratic principles, I saw only the one possibility that the man should lead the government who had achieved that power of the majority.

I said further, that from the moment when I recognized this, I tried to include myself and not with the intention to sponsor that man in his extremist ideas, but to act as a break; and, too, if possible, lead his policies into regulated forms.

Q. Then, at a later date, when you recognized the dangers, when you yourself suffered under the impossible conditions of terror -- and there the question is admissible, I am sure -- why did you not leave the country? Why didn't you emigrate?

A. Had it been only my personal fate, nothing would have been simpler than that, especially since we have heard before that I would have been offered that possibility, but it was not only concerning myself who, since 1923, had worked in the interests of the public -- it was about the existence of my country, of my nation, and I have never seen it happen in history that emigrants -- and, of course, I speak of those emigrants who go on their own free will, not those that have been expelled -- I have never seen that emigrants could do any good to their nation. It was not the case in 1792, at the time of the French Revolution; it was not the case of 1917 and the Russian Revolution,

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and it was not the case at the occasion of the National Socialist revolution which we witnessed. To sit in a secure port abroad and to write articles --

THE PRESIDENT: Dr. Dix, we don't want a historical lecture, do we?

DR. DIX: I believe we can stop here, but he only wanted to motivate why he did not emigrate. You have been understood.

BY DR. DIX:

Q. In the course of the proceedings, either in a letter or in a form -- I don't know which -- mention was made about your thoughts, whether in the case of yourself one would have sacrificed himself, and if that would have served the German nation?

A. I believe that you have referred to a German quotation which has been mentioned by the American prosecutor or one of the representatives of the American prosecution, where I spoke about the silence of death in one of my notes. If I myself would have sacrificed myself, it would not have served any good because the conditions would never have become known of my sacrifice. Either I would have disappeared in the prison and died there or something, and nobody would have known "is he still alive or isn't he" or I would have been the victim of an intended coincidental accident and that possibility would not have existed either. Martyrs can only be effective if the circumstance of their death becomes known to the public.

DR. DIX: May I now call for the attention of the Tribunal? Yesterday, a question was refused me concerning the attitude of the diplomatic corps and the influence thereof on men like Schacht. The question which I want to put now is not the same question otherwise I, of course, would not put it.

THE PRESIDENT: The objection that I made was to the use of the word "attitude" because I don't see how witnesses can give evidence about the attitude of a coprs. I think I said especially that the fact that the diplomatic corps were present at the Party rally might be given in evidence, but I said that the word "attitude" was far too general. What is it you want to put now?

DR. DIX: Yesterday, the question had been refused, which I stated thus: "What was the influence on Schacht by the collective attitude of the diplomatic coprs?" That question was refused and that is all about that; but, first, I

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should like to clarify it because I do not want to create the impression as if I want to smuggle a question into this proceedings, which may cause the same objections. On the other hand, it is essential for my defense, my line of defense, to show that people with judgment from abroad, had had the same attitude toward the regime as Schacht and those were men who are beyond doubt, beyond suspicion, particularly beyond suspicion of their trying to create or prepare for aggressive wars; and, on the other hand, I want to show that the work of these people in the opposition was not only not sponsored by abroad but made more difficult, and that is important for me.

But, please, Mr. Schacht, do not answer before I have received the answer of the Tribunal.

And, therefore, I wanted to put the question.

THE PRESIDENT: State exactly what the question is?

DR. DIX: Yes, I want to come to it now. I, according to my notes, am concerning myself with the various corresponding successes that the Nazi regime had abroad. I wanted to put up to him various acts of recognition, official visits, and I wanted to ask him what the influence was of all these examples of recognition on the work of that group of conspirators, but since that question is very similar to the one that has been rejected -- and I should like to make the objection myself rather than to have them made -- I wanted to submit the question first to the Tribunal and find out whether it is admissible.

THE PRESIDENT: Dr. Dix, the question being: "What effect did the recognition of the Nazi regime from abroad have upon the group of conspirators with whom the defendant Schacht was in contact?" That is the question, is it not?

DR. DIX: Yes.

DR. DIX: If "anerkennung" is translated correctly as "honoring them" not in the sense of recognition as usually understood in diplomatic language but as honoring -- it is a difficulty in translation and I want to make sure that there will be no misunderstanding.

THE PRESIDENT: Yes, certainly.

DR. DIX: And may I put to him, first, the individual official visits which I have noted, so that he can answer the question? May I do that?

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THE PRESIDENT: Yes, you may; actual visits?

DR. DIX: Yes. The list will not be complete.

BY DR. DIX:

Q. I remind you that in 1939, the delegate of the Labor Party, Alan Hartwood --

THE PRESIDENT: The Tribunal thinks that you ought to put the question in the general way in which I put it to you and not go into the details of each visit or the details of a number of visits.

MR. JUSTICE JACKSON: If your Honor please, I want to object to it as being generalities because it already appears that the United States did not participate in this and I tried to keep European politics out of this case, and this is the entering wedge. Now, I don't want to get into this sort of thing. I think it is entirely irrelevant that some foreigners, deceived by the appearance which the defendant Schacht was assisting in putting up, didn't start a war earlier. This thing is entirely irrelevant. The United States has desired to keep this sort of thing out of this case because it is endless if we go into it. It seems to me, if Mr. Schacht wants to put the responsibility for his conduct on some foreigner, that foreigner should be named. He has already said that the United States representatives, Mr. Messersmith and Mr. Dodd, had no part in it because they were always against them. Now, it gets into a situation here which seems to me impossible before this Tribunal and I cannot understand how it constitutes any defense for mitigation for Schacht to show that the foreign powers maintained intercourse with Germany even at a period of its degeneration.

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THE PRESIDENT: The Tribunal thinks the question is relevant but should be put without detail.

DR. DIX: I will put the question without detail, and I would like to say that of course I could not name myself alongside America, but it is my intention also to keep political matters out of this. It is not a matter of foreign politics that I want to ask about, so it will be only the one question.

BY DR. DIX:

Q What influence did acts of recognition, honoring the Nazi regime, from abroad, have on the work of your group of conspirators?

A Throughout the years from 1935 on, up to and including 1938, numerous statesmen from almost all other nations came to Berlin to visit Hitler, including some crowned heads. From America, for instance, Under Secretary of State Phillips was there.

Q Do not mention any names.

A I only said that because there was mention of names. It is not limited to Europe. I do not intend to make any political explanations, but I only say that so many visits were madewhich meant recognition for Hitler, not only recognition but the honoring of Hitler, that this man appeared a great man in the eyes of the German people.

I still remember how in 1925, I believe, the King of Afghanistan, Amanulla, was the first foreigner who visited the Social Democratic Government in Berlin, and there was a great deal of excitement that for the first time now after a long time, a great man from another country came to us. But here, in the case of Hitler, from 1935 on there was one visit after another, and Hitler went from one foreign political success to the other, which made enlightenment among the German people extremely difficult and made it impossible to work in the service of that enlightenment within the German nation.

Q And now, two final questions.

You have heard the speech by the British Chief Prosecutor Shawcross who said that the moment had to come when the servants of Hitler would have to refuse to follow him. We shall try to accept that way of thinking, and I ask you: Are you of the opinion that you yourself accepted

H0121-0045

that view?

A I do not only accept it, but I approve of it. From the very moment when I recpgnized what a harmful individual Hitler was, what a threat to world peace, I separated myself from him in every way, not only secretly, but publicly and personally.

Q So you are of the opinion that you did everything humanly possible, after coming to the correct understanding, to try to save humanity from the disaster of this war, or to alleviate the consequences?

A I do not know anybody in Germany who would have done more in that sense than I did. I warned against excessive armament. My economic policies tried to impede, and, ifyou want to say so, sabotage actual armament. I resigned from the Ministry against the will of Hitler; I protested against all perpetrations of the Party, with Hitler and publicly; I continuously warned people abroad and informed them; I attempted to influence the policy of other nations with respect to the colonial question, and to achieve a more peaceful atmosphere.

THE PRESIDENT: I think we have heard this more than once, you know.

DR. DIX: Yes.

THE WITNESS: I ask to be permitted one sentence: I finally tried to remove Hitler.

DR. DIX: Gentlement, I am now at the end of my presentation, and I have only one request. During the last few days, I have received a large number of letters from people who know Schacht, among them also affidavits. I will examine them, and if I should be of the opinion that one or the other may be relevant, then I will get in touch with the Prosecution and discuss with them whether they have any objection to having them translated so that then we can approach the Tribunal in order to submit one document or another, if necessary, not to have it read, just to have it put in evidence.

May I request that this be granted to me. Then, at the end of my entire presentation, I will briefly submit my documents, the rest of my documents. This is only a part of my documents.

THE PRESIDENT: Do any of the other defendants' counsel wish to ask

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any questions?

DR. VON LUEDINGHAUSEN (Counsel for defendant von Neurath): I have only a few questions to Dr. Schacht.

BY DR. VON LUEDINGHAUSEN:

Q Since when have you known Mr. von Neurath, Dr. Schacht?

A I could not state the exact year, but at any rate for

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a very long time, for many, many years.

Q For some time, for about four years, you were fellow ministers in the government. During that time, did you have any closer contact with him than the purely official contact?

A Unfortunately, not sufficiently, but of course I saw him again and again from time to time, I would have liked to have seen more of him.

Q But from conversations with him or otherwise, from what you heard about him, you certainly had an opinion about his political ideas and his political intentions.

A Yes, that was quite well known to me.

Q And what was his trend of thought?

A I had the impression of von Neurath that basically he was an adherent of a conservative policy, but that he was accessible to enlightened progress, and firs of all, in favor of peaceful international cooperation.

Q Do you consider it possible, or do you have any reasons to believe, that under certain circumstances he would also resort to warlike means or that he woul include that in his plans if the peaceful understanding which he desired appeared to be quite impossible?

A According to my understanding of Neurath, I think that he was quite in dis favor of any warlike policies, aggressive policies.

Q Then, he was --

THE PRESIDENT: (Interposing): Dr. Luedinghausen, the Tribunal thinks these questions are not questions which can properly be put because of their general nature.

Q Did you have the impression of Neurath that --

THE PRESIDENT (Interposing): Dr. von Leudinghausen, this is not a proper ques tion to put to a witness, "Did you have an impression about him?" You can ask hi what he said and what he did; what did von Neurath do and what did he say?

DR. VON LUDDINGHAUSEN: Yes, Well then, I can't put this question. Then I hav only one last question.

BY. DR. VON LUDINGHAUSEN:

Q You know that von Neurath, on the 4th of February 1938, resigned as Foreig Minister. What did you and the people around you say to that dismissal of von Neurath, or the resignation of von Neurath from foreign politics? What was your

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impression?

A I believe I have said already in the course of the interrogation that I considered it a very evil sign for the departure from an attempted policy of understanding.

DR. VON. LEUDINGHAUSEN: I have no more questions.

THE PRESIDENT: Do other defendant's counsel want to ask questions?

Does the Prosecution desire to cross-examine?

MR. JUSTICE JACKSON: I imagine it may save time, Your Honor, if we could take a recess at this time. It is a little early, I know, but it will take some time to arrange our material.

THE PRESIDENT: Certainly.

(A recess was taken.)

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MR JUSTICE JACKSON: May it please the Tribunal.

CROSS-EXAMINATION

BY MR. JUSTICE JACKSON:

Q. Dr. Schacht, according to the transcipt of the testimony, at page 8698, you said that in 1938 you told a certain lade when you were dining, "My dear lady, we have fallen into the hands of criminals. How could I ever have suspected that!" Do you recall that testimony?

A. It wasn't I who gave that testimony; it came from an affidavit submitted by my Defense Counsel here, but it is correct.

Q. I am sure you want to help the Tribunal by saying who they were.

A. Hitler and his cooperators.

Q. Well, you were there; you know who the cooperators were. I ask you t name all that you put in that category of criminals with Hitler. Hitler is de

A. Mr. Justice, it is very hard for me to answer that question completel because I do not know who was in that conspiracy, around Hitler. The Defendan Goering has told us here that he counts himself amongst that group, and there was Bormann, but who else was contained in that narrow circle of confidence-men -- that is something I don't know.

Q. You have only named three men as criminals, two of whom are dead and one of whom you say admitted --

A. I may add one more, if you let me. I assume that the Foreign Ministe von Ribbentrop, too, must also have been in the picture regarding Hitler's pla I must assume that, but of course, can't prove it.

Q. Whom else did you include when you were talking to the lady?

A. On that evening I didn't mention any names.

Q. But whom did you have in mind? You surely were not making charges against your own people, who were in charge of your own government, without having definite names in mind.

A. I have taken the liberty of mentioning the names to you.

Q. Are those all?

A. I don't know it, but I assume there must have been more. I would add without hesitation, Heydrich. But I can't know with whom Hitler dealt. I repeat, I would like to see them die some other way, but there it is.

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Q. Are those the only people you included?

A. I have no evidence to the effect that anyone else was in amongst those conspirators and I can't say about anybody that this or that proof exists that he must have been amongst them.

Q. Now, Dr. Schacht, at the time the Nazis seized power you had a world-wide acquaintance and very great standing as a leading banker in Germany and in the world, did you not?

A. I don't know whether that is so, but if it is your own opinion I shan't contradict you.

H0121-0051

Q Well, at first you would admit that?

A Yes, I think so; I shan't contradict you.

Q And yet as we understand it, you made public appearances in Germany before the German people in support of the Nazi regime, alongside of characters such as Streicher and Bormann.

A Mr. Justice, I have taken the liberty of explaining here in this court room that until July, 1932, I did not in any way make public propaganda for Hitler or the Party and that, to the contrary, I warned the people against him in America. I always said that the name Bormann was, of course, unknown to me at the time, and Streicher's paper, "Der Sturmer," was just as revolting to me before that time as afterward. I didn't think I had anything in common with Mr. Streicher.

Q I didn't either, but that is why I wondered about your appearing with him publicly after the Nazi machine was consolidated.

A (Something not heard.)

Q I didn't get the answer.

A What did I do?

Q Your appearences, publicly, before the German people, with Streicher and Bormann in support of the Nazi program after the seizure of power.

A I shouldn't think so, I never was seen together with Mr. Streicher or Mr. Bormann -- certainly not at that time. It is quite possible he attended the same Party rallies I attended or that I sat next to him, but at any rate in 1933 I was never in any way publicly seen with Streicher or Bormann.

Q I will ask to have you shown the photograph from the Hoffmann collection, marked No. 10. Yuo have no difficulty recognizing yourself in that, do you?

A No.

Q And on the right sits Bormann?

A Yes.

Q And next to him the Minister of Labor?

A Yes.

Q And on the other side of you is Hitler?

A Yes.

Q And beyond him, Streicher?

A I can't recognize him; I don't know whether it is Streicher or not, but I don't suppose it matters.

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MR JUSTICE JACKSON: Well, I will offer the photograph in evidence. Perhaps the identification will be sufficient.

Q Frick is also in the picture?

A Yes.

MR. JUSTICE JACKSON: This becomes Exhibit 829.

Q I will ask to have you shown --

THE PRESIDENT: Justice Jackson, what is the date of that Photograph?

MR. JUSTICE JACKSON: There is no date given on the

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photographs. Perhaps the witness can tell us.

A Mr. Justice, you said that in 1933 I had shown myself publicly together with Streicher and Bormann as a representative of the National Socialist Party, and I should like to know, therefore, where this picture was taken and when. I can't verify that.

Q I asked you. Do you deny this is a photograph --

A No, no, no. By no means. I am merely asking which period it originates from. I think this does not apply to 1933 or 1934.

Q When was it, if you want to tell us?

A I don't know; I can't tell you.

Q I will show you another photograph -- two photographs, Nos. 3 and 4. No. 3 shows you marching with Dr. Robert Ley among others.

A Yes.

Q Four shows you entering the hall, marching, and giving the Nazi salute.

A Yes, that's right.

Q Ley was the man who suppressed the labor unions of Germany?

A Yes.

Q And those are correct photographs, are they not?

A Certainly.

MR. JUSTICE JACKSON: I offer them in evidence.

Q I will show you photographs marked Nos. 1 and 2 and 6 -- and 7. Now let us look at No. 1. Do you recall where that was taken?

A Yes -- just a minute, if it is the number I have here. Yes. I think No. 1 is a picture from the Reich Chancellery, if I am not mistaken.

Q Among the persons appearing in No. 1 is Frick?

A Guertner, Goebbels, Popitz, Schacht, Papen, Goering and

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others, and Hitler in the middle.

Q von Neurath?

A Neurath, yes; I think he is immediately on Hitler's right, in the background.

Q Goebbels?

A Yes, I said Goebbels.

Q Funk is present in the picture, at the extreme right, with only a part of his body showing.

A Who is that?

Q The Defendant, Funk.

A No, that is Goering.

Q Back of Goering and back of Neurath.

A I beg your pardon. Perhaps I have a different picture. I beg your pardon. I was looking at No. 2. On No. 2 I see from left to right, Popitz, Rust, Goering, Neurath, Hitler, Blomberg, Schacht, Guertner, Krosigk, Elz von Ruebenach, and then at the very back on the right, Funk.

Q And let's take No. 7. Whom do you identify as your company in that photograph?

A On the extreme left, my late wife; then the vice-president of the Reichsbank, Reise; and Hitler; and myself. There is an adjutant of Hitler, and the fat man on the right -- well, I don't know who he is.

This is a photograph taken on the occasion when the foundation of the new Reichsbank building was laid. It was in 1934. And directly behind me, on the right, is Blomberg.

Q And No. 6?

A Just a minute. That is the picture when I walked alongside Hitler, is that right? That is Hitler's march, in my company, on the occasion of the laying of the foundation of the new Reichsbank building. Behind me, or rather behind Hitler, you can see Geheimrat Vocke, who is to appear as a witness here tomorrow, and several other gentlemen from the directors of the

H0121-0055

Reichsbank.

MR. JUSTICE JACKSON: I will offer the remaining photographs, 1, 6 and 7, under the same number.

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Q So that it would appear, Dr. Schacht, that a good deal of your present company was the company that started with you in 1933 and '34?

A Is that a question?

Q Well, is that not true?

A No. If you would photograph me together with my other acquaintances just as often, then your power would be ten times as high.

Q You testified -- and I refer to page 8650 of the record -- that there were reasons of principle why you did not become a Party member and that Party membership would not be compatible with your principles?

A That's right.

Q And you also testified -- I refer to page 8692 of the record -- that from 1932 to the 30th of January, 1933 -- I am quoting:

"I have not written or spoken a single word publicly for Hitler."

A I think that's right, if you emphasize "publicly".

Q You must emphasize "publicly"?

A Yes.

Q I want yet to ask you about the next thing. You also said:

"I have never in any way contributed by conversations with any one of the competent gentlemen, be it Hindenburg, Meissner, or anyone else, to exert any influence in favor of Hitler, and I had nothing to do and did not participate in any way in the nomination of Hitler to Reich Chancellory".

Is that correct?

A That is correct.

Q Now, are there any words that we have to emphasize in that in order to understand it correctly?

A No, if that was with reference to the coming to the Chancellory of Hitler, and, please note, competent men.

Q Well, I don't just know what you mean by that, but I'll give you a chance to explain.

A Yes. When I say "competent", I mean those people who could decide upon who was to be chancellor. Of course, I did say that Hitler would be chancellor and should become chancellor and in private circles --

H0121-0057

Q Did you say that in public?

A No, I've only said that in a circle of my friends from the economic field.

Q Now, I want to quote you a statement by von Papen.

"I remember in July or August, when I was sitting in my home as chancellor of Germany, in 1932, when Schacht came to see me, he said, 'Here's a very intelligent man', and it was in the presence of my wife and I have never forgetten it. He said, 'Give him your place. Give it to Hitler. He is the only man who can save Germany'."

Did you say that or didn't you?

A I don't know whether I said that he was the only man who could save Germany, but I did tell him that Hitler shall and will become chancellor. But that was as soon as August in 1932, after the July elections, and it has nothing to do with Hitler's nomination, which didn't take place until after the Schleicher Cabinet, something in connection with which I have been examined here; it has nothing to do with that.

Q Now, Dr. Schacht, I just asked you if you had not testified that you had nothing to do with his coming to the Chancellorship and you said --

A That is the truth.

Q -- and you said that you asked von Papen to give the place to him and --

A Yes.

Q -- and do you contend -- and I want you to say anything you want to about this -- do you contend that that was not aiding Hitler to the Chancellorship?

A I don't know whether it was a help for Hitler. During my examination here, I have been asked whether, in connection with Hitler's election or nomination for the Chancellorship in January, 1933, I had exerted any kind of influence. I have given the names of Hindenburg, Meissner, and so forth, that is to say, the very circle that was around Hindenburg. Papen, in the beginning of November, 1932, was no longer chancellor; so that he had no influence whatever upon these matters. And during those weeks I didn't talk to Papen at all. But, after the elections of '32, I said, "It is

H0121-0058

inevitable that aman who has so many votes in the Reichstag must take over the political lead, and for Papen to give it to Hitler,"

Q When you saw Hitler wasgoing to win you joined him?

A No.

Q Well, I'll just make it clear what you do mean. You did not assist him until he had already accumulated more votes than any other Party in the Reichstag?

A I did not join Hitler when I saw that he would win, but when I had found out that he had won.

Q Oh, well, I'll accept the amendment.

You've referred to your letter to Hitler on the 29th of August, 1932, --

A Yes.

Q -- in which you advised him not to put forward any detailed economic program?

A Right.

Q You told him there was no such program on which fourteen millions could agree?

A Yes.

Q And that economic policy is not a factor for building up a party?

A Yes.

Q And you added that "You can also count on me as your reliable assistant"; did you not?

A Yes.

Q And then that was after he had won?

A Yes.

H0121-0059

Q And then on the 12th of --

A November.

Q Yes, I just want to refer to that document as EC-457. Now, then, on the 12 of November, 1932, you wrote to him, in which you said, among other things, "I have no doubt that the present development of things can only lead to your becoming Chancellor?"

A Yes.

Q "It seems as if our attempt to collect a number of signatures from principal circles for this purpose was not altogether in vain."

A Yes.

Q So you are collecting signatures for this purpose?

A Not I, but participated.

Q Right, you were assisting.

A Yes.

Q And that was EC-457. Now, as of November, 1932, a document was prepared for a large number of industrialists to sign urging the selection of Hitler as Chancellor in substance, was there not?

A I don't know the document any more, but I assume that it's the document to which the letter refers.

Q And men like Schacht and Krupp and Schroeder and a great number of industrialists signed that document, did they not?

A That is perfectly possible.

Q And it was sent to von Hindenburg?

A That I don't know.

Q Well, the purpose was to aid Hitler in obtaining the Chancellorship?

A That's possible.

Q It is addressed to the Reich President, is it not? That is 3910*PS

A I have not seen it, but it's probably correct.

Q Well, you don't deny that that occured, do you?

A I assume that it's correct, I havn't the least doubt, I don't doubt it at a

Q Then, in November of 1932, you communicated to Hitler the result of your money-raising campaign, did you not?

A I don't know anything about that.

Q Well, I'll remind you from your own interrogation. Well, I'll remind you,

H0121-0060

first, of your testimony, in which you say that it appears that you did not plead for funds but that Goering pleaded for funds, and I ask you if you did or not, on the 9th of October, 1945, give these answers to these questions as to the event of February, 1933?

A Event of what?

Q February, 1933.

A Yes, thank you very much.

H0121-0061

Q Going back to 1933. This is the question.

"Prior to the time that Hitler appointed you as President of the Reichsbank, do you recall a meeting in the home of Goering?" Answer: "Yes. That was a financial meeting. I have been interrogated about that several times already."

Question: "Tell me about it?"

Answer: "Yes, I will. Hitler had to go to the election on the 5th of March, if you will remember, and for these elections he wanted me to do the campaigning. He asked me to procure the money and I did that. Goering called these men together and I made a speech -- not a speech, for Hitler made the speech -- but I asked him to write down the amounts and to subscribe for the elections which they did. They subscribed the amount of $3,000,000 all together, and they distributed the amounts among themselves."

"Who were the people who made up that subscription list?"

Answer: "I think that all of them were bankers and industrialists, chemical industrialists, iron industries, textile industries, all of that. They represented the industries and all of the other big industries."

"Do you recall any specific names?"

"The old gentleman Krupp was there, Gustav I think it was. Schnitzler, I think it was, was there, and Vogler for the United States steel works."

Did you give that testimony?

A Yes.

Q Now, at that meeting you have referred to, Exhibit D-203 I should say, which is a record of the meeting, and at that meeting Goering said this in substance, did he not?

"The sacrifice asked for would be so much easier for the German people to bear if they realize that the election of March 5 would surely be the last one for the next 10 years, possibly even for the next 100 years."

H0121-0062

You heard that, did you not?

A Yes.

Q Not yesterday, or the day before, you were interrogated about your opinion and about the tribute that Goebbels paid to you and you said to the Court, "It is not my fault if Mr. Goebbels made a mistake." Do you recall that?

A Yes.

Q And I ask you, in regard to the tribute of Dr. Goebbels if you didn't say this to the interrogator of the United States on 17 October 1945, which is USA Exhibit No. 616.

"When did you become interested in becoming a co-worker of Hitler?"

Answer: "I'd say in the years of 1931, 1932.

Question: "And that was when you saw that he had a mass movement that was likely to take power?"

Answer: "Quite, that was increasing every time."

Question: "And did you publicly record your support for Hitler in those years?"

Answer: "I think I made a statement in December, 1930, once coming back from America, at the Bavarian People's Party, where I said that there was a choice for any future German Government, either to hold against 25% socialists, or against 20% National Socialists."

Question: '"But what I mean -- to make it very brief indeed -- did you lend the prestige of your name to help Hitler come to power?"

Answer: "I have publicly stated that I expected Hitler to come into power, for the first time that I remember, in November, 1932."

Question: "And you know, or perhaps you don't that Goebbels in his diary, records with great affection --

Answer: "Yes."

Question: "The help that you gave him at the time?"

H0121-0063

Answer: "Yes, I know that.

Question: "November, 1932?"

Answer: And you quote the book here, "From the Kaiserhof to the Chancellery and back."

Question: "That's right; you have read that?"

Answer: "Yes."

Question: "And you don't deny that Goebbels was right?"

Answer: "I think his impression was, that was correct at that time."

Did you give that testimony?

A Yes. I never doubted that Goebbels was wrong, I only said that he was mistaken.

Q Now, you made some extensive quotations from Ambassador Dodd, a day or two before, did you not?

A Yes.

Q And let's have this understood. Ambassador Dodd was considered, and at all times, opposed to the entire Nazi outfit, wasn't he?

A Yes.

Q So you got no encouragement from him to be in this outfit?

A Oh, no.

Q Now, you testified, as I understand you, that Ambassador Dodd invited you to go to the United States of America and you said, I am quoting from page 8670 of the record:

"At that time, which was 1937, "he again called on me and told me urgently that I should go with him, or as soon after him as possible, to America, to change my residence to America; that I would find a very pleasant welcome in America. I believe he would never have said that to me if he had not had a certain degree of friendship for me."

You said that to the Tribunal, didn't you?

H0121-0064

Q And I think you intended to convey to the Tribunal the impression that Ambassador Dodd had great confidence in you and great friendship for you?

A I had that impression.

Q Had you read the entire diary?

A Yes. I also know of a passage where he said that I would make a very bad American.

Q You didn't mention that to the Tribunal.

A I think that would be better for the Prosecution.

Q Well, we are not disappointing you then.

Did he not, or are you not familiar with his entry under the date of December 21, 1937, where he speaks of the luncheon at which you were present. He said:

"Schacht spoke of the defeat of Germany in 1918 as already due to Woodrow Wilson bringing America into the World War, but he said Wilson's Fourteen Points were the one great promise of international peace and cooperation and every country on both sides helped to defeat his purpose."

"Don't you think Wilson, 50 years from now, will be pointed out as one of the greatest men?"

Answer: "He made an impression but turned his attention to the Japanese-China war, and also the German alliance to Japan."

Quoting you: "If the United States would stop the Japanese War and let Germany have her way in Europe, we would have world peace."

A What is the question?

Q Did you say that?

A I don't know whether I said it, but even today it seems an extremely reasonable statement. I am of that opinion.

Q Now, let's get this straight. As I understand you, you were going to have world peace if Germany was left to have her own way in Europe?

H0121-0065

A Yes. May I also add to that that my suggestion would have been of a peaceful one.

Q Now, he goes on.

"I did not comment, and others also failed to make remarks. Schacht knew what the Army chief of 1914 meant when they invaded Belgium."

A I was going to comment. . .

Q "In six weeks, my division, and armies of neighboring little countries, especially North and East."

A Am I to reply?

Q That's what Dodd says about you.

A Yes, but I didn't say it. May I reply to it?

Q I ask you this question. That is the impression received over the course of your activities with Mr. Dodd whom you -- a man of

your description -- describe as being a decent fellow and a friend of yours.

A May I answer to that myself, that I have stated that Mr. Dodd became the victim of many misunderstandings, that in this case too he misunderstood me, he does not say that I said it, he said, that's what Schacht meant. That was his opinion. I have never said that at all.

Q As I understand it, then, it was the estimate of a friend?

A A friend obviously who was continually misunderstood. Ambassador Henderson, was also misunderstood.

Q He may have misunderstood Henderson, but he never misunderstood the Nazi outfit.

A But he misunderstood my attitude.

Q Now, when you went and asked first the Foreign Minister and Hitler to go to the United States, or have some one go to the United States, you testified, on page 8708 of the record, that you told Hitler this:

"It seems vitall to me that one should have some one constantly in America who could clarify German interests in the place abroad. In America, that is."

Did you saythat?

A Yes.

Q Now, is that what you actually said to Hitler?

A Yes.

Q Now, I call your attention to your own letter, No. 3700-PS to the Reich Marshal.

"In thebeginning of 1940, I proposed to the Fuehrer that I go to the United States in order to attempt to slow down America's assistance to England in the matter of armaments, and in order, if possible, to prevent America becoming involved in the war more deeply."

I ask you, which of these is true?

A Both of them.

Q But you did not refer that to the Tribunal yesterday, when you gave the conversation of that day, that you had reason to be in the United States, did you?

A No, certainly not. I was to try to get the President to intervene for peace. That's something I haven't mentioned either.

H0121 - 0066

Q Now, you also testified yesterday, that you nevertold about the extent, the type and the speed of the rearmament. Do you recall that?

A Yes.

Q But although you have no such information, you told us it was too much?

A I had the feeling that one ought to go slowly.

Q Now let me remind you of certain statements made by General von Blomberg. It concerns 1937.

Question: "At that time, the frame of the planned Wehrmacht was about fulfilled."

Answer: "When?"

Question: "1937."

Answer: "I believe it was 1937."

Question: "Was that a plan that had been discussed with Doctor Schacht in connection with the finances establishing how big the Wehrmacht would be?"

Answer: "Yes. The plan for the formation of the Wehrmacht Schacht knew very well since we gave him every year the setting up of how many formations for which we had been spending money. All new formations for which we had been spending money. I remember in the year 1937 it was discussed, what should the Wehrmacht get for carrying expenses? After,a great amount was spent to build it up.

Question: "That means that you gave Schacht a clear statement of how much money you were putting into the creation of new instruments and so forth, and how much you were using for the operating expenses of the Wehrmacht?"

Answer: "Exactly right."

Question: "When you say that by 1937 the plan had been fulfilled, do you mean in the main?"

Answer: "In the main."

Another question. I skip two or three irrelevant ones.

"When you say that Schacht was familiar with these figures, how were they brought to his attention?"

Answer: "The demands that they made were handed to Schacht in writing."

H0121-0067

H0121 - 0068

Question: "That means, in connection with the monies which Schacht was arranging for the rearmament program, he was informed of how many divisions and how many tanks would be procured through these monies?"

Answer: "I don't think we put down the amount of money we needed for tanks and so forth, but we put down how certain parts of the Wehrmacht like the Navy and the Airforce needed and then how much this required for activation and how much for operating. That is, Doctor Schacht could see each year how much of an increase there would be in the size of the armed forces as a result of the money he was procuring. That is certain."

I ask you whether you deny the statements made by von Blomberg as I have put them to you?

A In full, I have to say that this is entirely completely unknown to me. A member of the Reichsbank Directorate will be testifying tomorrow, and I ask that you put this matter to him so that the question will be clarified. All of this was unknown to me.

Q I don't care whether you know or whether you don't know about this. I am asking you these questions so that I can find out how far I can rely on your answers.

A I understand that.

Q You deny von Blomberg was telling the truth? That he reported to you in writing those facts?

A Never. I have to deny it, obviously. I do not remember anything in this connection.

Q Now, you testified yesterday, or the day before, that the so-called New Plan had nothing to do with the armament program, did you not?

A Nothing in particular with the armament, no. The Tribunal asked especially that I was not to discuss it until my cross-examination. I am only too willing now to. . .

Q You have no objection to answering my question, have you?

A Certainly not.

Q I am referring to the answer which you gave—the one which you were not allowed to give--which is on page 8732 of the record.

Question: "Some new policies which have been accused of being in preparation for war, were the so-called "New Plans". What was that?" And your answer:

H0121-0069

"May I first of all say that the New Plan had nothing at all to do with armament."

Then you went into an explanation of the New Plan which I will not do in order to cut down testimony, and I am asking you only this question:

"Did you not say, in your speech on the "Miracle of Finance", on the 29th of November, 1938, after quoting a great collection of figures, "These figures show how much the New Plan would be to the execution of the rearmament program as well as to the securing of our food."

Did you say that or didn't you?

A Yes.

Q That is EC-611, United States Exhibit 622.

H0121-0070

Q Now, I understood you to say in your testimony that you really didn't have anything to do socially with Hitler or with the other Nazis, that you refused their invitation to luncheon at the Reichschancellory, and one of the chief reasons was that those present showed such abject humility to Hitler. Did you say that?

A Yes.

Q Now, I want to read to you from your speech, document No.501-EC, your inaugural speech on the occasion of the Fuehrer's birthday. This was a public speech, by the way, wasn't it?

A I don't know. I don't remember.

Q You made a speech on the Fuehrer's birthday on the 21st of April, 1937, carried in the newspapers?

A Maybe.

Q "We are meeting together here to remember with respect and love the man to whom the German people entrusted the control of its destiny more than four years ago." And then, after some other remarks, you say, "with the limitless pasion of a burning heart and infallible instinct of a born statesman, Adolf Hitler has won for himself the soul of the German people."

Was that a part of your published and public speech?

A I assume that you quoted it perfectly correctly. I don't think that anyone, on the occasion of the birthday celebration of the head of a state, could say anything very much different from that. But, Mr. Justice, may I make one request. You have discussed the new plan, whereas the Tribunal was waiting and had decided that I should discuss it here in cross examination. If you are referring to the new plan -- it is to be referred to during reexamination by my solicitor.

Q I did not ask you what the new plan was; I asked whether your statement that it had nothing to do with armaments was true or not. But if your solicitor wants to ask about it, it is open to ruling by the Tribunal. You quoted today Hitler's letter of the 19th of January, 1939, in which you were dismissed from the presidency of the Reichsbank, and you did not quote the concluding sentence, as I recall it, which reads: "I am happy to be able to avail myself of your services for the solution of new tasks in your position as Reich Minister." That is a correct quotation, is it not?

H0121-0071

A I refer to the witness Gisevius' statements here in this courtroom, who already said that outwardly Hitler would never indicate that there was trouble between him and his officials, but that he always tried to paint a different picture to the world than the correct one. Not on any single occasion after January 1939 was I asked my opinion or cooperation by Hitler.

Q Were you asked by anyone else?

A No. The occasions when I was asked have been quoted by me this morning. That was in connection with Belgium and in connection with the periodical "Das Reich." I think that was all.

Q And you performed no function whatever in relation to Belgium?

A No.

Q Now, I quote your letter of the 17th of October , 1940 to the Reich Minister for Economics, document EC-504. At that time you had ceased to be president of the Reichsbank, had you not?

A Yes. I was only a minister without portfolio.

Q "In order to avoid a working side-by-side, that is, a working against each other, of the German banks in the occupied western territories, you had assigned the German bank the task of clearing the way for a closer economic cooperation with Holland, and you had entrusted the Dresden Bank with the same task for Belgium." And you go on to describe the situation and say:

"In order now to remove this difficulty, you, Herr Reich Minister, have declared yourself in agreement that the undersigned has followed the requests of the two banking houses for an objective expression of opinion in this question at hand. I have subsequently talked over the situation with the two banks and have found it proven in the course of the conversation that at present no tendency exists with the Dutch or Belgian financial institutions to enter into general obligations toward the German business friends."

Do you recall?

A Yes, I remember it now, now that you have read it to me. May I make a statement, or what was your question?

Q I just wondered if you remembered that.

A Yes, and in that case may I have permission to make a statement on it?

Q If you think you need to make an explanation.

H0121-0072

A I should think so; but, of course, I am leaving that to the Tribunal. If I may speak then I should like to say that there was rivalry between the two leading banks. These two big banks had approached me as a former banker and president of the Reichsbank, asking me to decide the matter which was outstanding between the two, and so I did. I didn't really understand what that has to do with the official participation in the Belgian administration.

Q And the purpose of your intervention was to avoid misunderstandings in occupied countries between the banking interests of the occupied countries and the German banks, was it not?

A Certainly, they should work together peacefully.

Q Yes. Although you have said to the Tribunal that you were entirely opposed to the Germans being in there at all?

A But yes, of course. But now that they were there I was trying to work for peace.

Q You also were approached by Krupp von Bohlen about raising a fund known as the "Hitler spending fund", were you not?

A No.

Q You never were?

A No.

Q Well, that is most unfortunate -- that your name should be connected with --

A Yes, I know the letter; I know the letter.

Q You never received such a letter?

A Oh, yes, I know the letter, but I did not get the task of raising that donation.

Q Well, you assisted in raising it, didn't you?

A No.

Q Did you contribute to it?

A I personally, certainly not. I don't know what you are accusing me of.

Q I thought you knew about the letter from von Bohlen.

A Yes. And I am asking you what are you accusing me of. Please ask me.

H0121-0073

Q Did you raise any money or help to organize a loan with Krupp von Bohlen in May of 1933 -- the Hitler spending fund?

A No.

Q How did you answer Krupp von Bohlen's letter asking you to do so?

A Please, would you bring back to my memory first of all what von Krupp read to me at the time?

Q Have you the letter of the 29th of May?

A Yes. But just one moment, please. I have nearly finished. And now may I reply?

Q First of all, did you receive such a letter?

A Yes, of course.

Q All right. Tell us what happened.

A In that letter Herr von Krupp is informing me that industry and other economic circles, such as agriculture etc., have the intention of organizing a joint Hitler donation, so as to terminate the wild Party collections which were making the country unsafe in every corner. They wanted to unify them and collect them together in one collection. He was informing me of this, and here in this letter he is also telling me that an administration for this Hitler donation was to be appointed, and I want to say that I have never joined the administration or was a member of it. And then he also informs me that a representative of the banks, namely, Dr. Fischer and Dr. Mosler, would get into touch with me about these matters and inform me about the matters. That is all that letter says.

H0121-0074

MR. JUSTICE JACKSON: That I will offer as United States Exhibit 831.

Q Will you look at the following letter of the 30th of May 1933, which says they had the opportunity of mentioning it to you?

A Just a second. I don't think the letter is contained here in my document book. No, it is not here.

(A paper was handed to the witness.)

But that isthe letter I have just read, dated the 30th of May.

Q I asked you to read the letter of the 29th of May first; one of the 29th of May and one of the 30th. The letter of the 29th of May has not been translated.

A (In English) I see. Just a minute. I read.

(Pause) (Through the interpreter) This letter did not reach me. It has been crossed out here. Apparently it wasn't sent, becasue a verbal conversation between Krupp and Dr Hoettgen and myself had taken place, to which Krupp is referring in the letter of the following day, the 30th of May; and there the letter begins, "As Dr. Hoettgen, and I had the opportunity of mentioning to you yesterday..." That apparently was a conversation we had had.

Q And you had also said, "You were kind enough to promise me to obtain from Messrs Otto Christian Fischer and Dr. Mosler full particulars and especially on how far banks, which are public corporations, can participate in this task."

A No, Mr. Justice Jackson, it doesn't say that in the letter. Please, will you be good enough to read the letter of the 29th of May? That doesn't say I was talking to Doctor Fischer or would speak to Fischer and Mosler.

Q Do you deny receiving the letter of the 29th?

A Yes.

Q You never received it?

A No.

Q Do you deny having a conversation with Krupp von Bohlen Halbach, the substance of which is set forth in that letter?

H0121-0075

A No. Just a minute. Please, will you let me answer. I do not wish to be accused of anything without replying.

On the 29th if May I did not receive that letter, nor did I receive it later. That letter was replaced by a conversation, a personal conversation. The subject of that personal conversation is represented in the letter of May 30, which we read first and which I have received. You have just stated that I had promised Krupp von Bohlen that I would talk to Doctor Fischer and Doctor Mosler, and it doesn't say so in that letter.

Q Does it not say so in the memo which you say was replaced by a conversation? That is what I am trying to ask you.

A At any rate, I haven't promised to talk to the gentleman.

Q Is there anything more you want to say?

A No,I have nothing.

Q Now, yesterday, I think it was, you testified you had made public statements against the terror policy of the regime, and in evidence you quoted from your Koenigsberg speech.

A Yes.

Q Unfortunately, Doctor Schacht, you stopped just at the point where I got interested in it.

A Yes, that is true, isn't it (laughing)?

Q After you had stated that there are people who ran Germany-- Let me quote the part you quoted, because it is important.

A (In English) Quote the whole thing.

Q Yes. This is what you quoted:

"Those are the people who heroically smear window panes in the middle of the night, who brand every German who trades in a Jewish store as a Traitor, who condemn every former Free-Mason as a bum, and who, in the just fight against priests and ministers who talk politics from the pulpit, cannot themselves distinguish between religion and misuse of the pulpit."

That is what you quoted?

A Yes.

Q Now let us go on:

H0121-0076

"The goal at which these people aim at is generally correct and good. There is no place in the Third Reich for secret societies, regardless how harmless they are. The priest and preachers"--

THE PRESIDENT: What is the matter with the translation? Isn't it coming through?

THE INTERPRETER: I think the German isn't, My Lord.

BY MR. JUSTICE JACKSON:

Q Let me start again at the point where you left off, Doctor Schacht:

"The goal at which these people aim at is generally correct and good. There is no place in the Third Reich for secret societies, regardless how harmless they are. The priest and preachers should take care of the wouls, and not meddle in politics. The Jew must realize that their influence is gone for all times."

That was also a part of that speech, was it not?

A Yes.

Q And you pointed out in that speech that on the "Jewish problem", as you called it, legislation is being prepared and must be awaited?

A Yes, I was hoping so.

Q You assured them so, didn't you?

A That was the intention, the purpose, as I gathered from my conversation with Hitler.

Q And you knew that the laws on the Jewish subject were on their way?

A Not the laws which arrived. I always urged Hitler that legal protection should be given to the Jews and that is the wish I wanted to see through. I assumed it would come through, instead of which came the Racial Laws of November of September 1935.

Q I have quoted from U.S. Exhibit No. 832, which is Document EC 433, and you say the laws you were forecasting and promising were laws for the protection of the Jews?

A Yes.

Q We will get to that later.

H0121-0077

You gave your reasons, which you said were reasons of principle, to the Tribunal for not becoming a Party member?

A Yes.

Q Do you recall that?

A Yes.

Q Now isn't it a fact that you have told the United States

H0121-0078

Prosecution Staff that you asked Hitler whether to join the Party, and that to your great relief Hitler told you not to?

A Yes. I wanted to ascertain that before I participated in his actions in any way or cooperated with him -- whether he demanded that from me, namely, that I should become a member of the Party. He said "No", and I was most relieved.

Q So you remained out of the Party with Hitler's consent and approval?

A Yes, of course. I think that is just another reason which will prove I have never been a member of the Party.

Q But you didn't mention that to the Tribunal when you weregiving your reasons for setting out that Hitler had given permission?

A No, I thought the Tribunal would believe me, anyway.

Q When you received the Party Golden Swastika you stated that it was the greatest honor that could be conferred by the Third Reich, did you not?

A It was, yes.

Q And while you didn't wear it in your daily life, you did wear it on official occasions, you stated, did you not?

A Yes. It allowed one great comforts during railroad journeys and rides in autobusses.

Q From 1933 to 1942 you contributed a thousand Reichsmarks a year to the Nazi Party?

A No. Yes I beg your pardon; from 1937 to 1942.

Q Didn't you say in an interrogation that it was from 1933 to 1942?

A No, that is an error. From 1937, after I had received the Swastika. That is a misunderstanding, but after I had received it I said to myself,"It is decent that I will give them a thousand marks, and that is that."

Q For upwards of ten years, not quite ten years, you accepted and held office of one kind or another under this regime, did you not?

A From the 17th of March to the 21st of January 1943.

H0121 - 0079

Q And as I understand you, during this time, at least a part of the time, Hitler deceived you and all the time you deceived Hitler.

A No, oh no.

Q I have misunderstood you?

A Yes.

Q Well now --

A I think that in the first years, at least I didn't deceive Hitler. I not only believe so, I know it. I only started deceiving him beginning in 1938. Until then, I was always telling him my honest opinion. I didn't cheat him at all; the contrary.

Q What becomes, then, of your explanation that you entered his government in order to put brakes on his program? Did you tell him that?

A Oh, no. I should hardly do a thing like that. He wouldn't have let me in then. But I didn't deceive him about that.

Q Did he know your purpose in joining his government was to defeat his program by sabotage?

A I didn't say that I wanted to defeat his program. I said that I wanted to direct it into orderly channels.

Q Well, you have said that you wanted to put brakes on it. You used that expression.

A Yes.

Q To slow it down?

A Yes.

Q And he wanted to speed it up, isn't that right?

A Yes, perhaps.

Q You never allowed him to know that you had entered his government for the purpose of slowing down his rearmament program, did you?

A I didn't have to tell him what I was thinking. I wasn't deceiving him. I wasn't telling anything wrong. I would hardly tell him what I was thinking inside me. He didn't tell me either, and you don't tell your political opponents either, but I never deceived him except after 1938.

Q I am not asking you about a political opponent. I am asking you about the man in whose government you entered and became a part.

H0121-0080

A Yes.

Q You don't tell your opponents, but is it customary in Germany that members of the government enter for the purpose of defeating the head of the government's program?

A I have just now told you that the word "defeat" is wrong. I did not intend to defeat him. I intended to brake, slow down, and that is indeed the custom, because every coalition government does that. If you enter into a coalition, then that means that you must discuss certain matters with your neighboring part and get an agreement about it, and certain matters which the other one wants must be slowed down by your influence. That isn't defeat; that is an attempt at a compromise solution.

Q You claim you entered as a coalition?

A Yes.

Q You used the word yourself today, in dessribing your activities as sabotaging his rearmament program, did you not?

A Yes, yes I did so, shall we say, after 1936. But then he noticed that. That wasn't defeat.

Q You take some part of the responsibility, I take it, for the loss of the war by Germany.

A That is a most peculiar question. Please forgive me if I say so, and please forgive me if I say I do not assume part of the responsibility because I don't bear the responsibility for the war's being started, so I can't assume any responsibility that it was lost. I didn't want the war.

Q And when did your doubts about Hitler as a man, his integrity, first arise?

A I have explained that in so much detail during the entire examination that I don't believe you want me to repeat it again.

Q Did that occur -- I'll put it in the terms of your interrogation, since your interrogation is a little clearer.

"In 1934" -- so your interrogation runs -- "he killed or let be killed lots of people without then having any juristical substance, and a few days after, in the Reichstag, he said 'He was the highest judge in Germany.' He was certainly not, and for the first time I was shaken by his conception. It seemed to me absolutely immoral and unhuman."

H0121-0081

Is that correct?

A I said the same here yesterday before the Tribunal, and the day before, exactly the same.

Q Well, I want to fix these dates, Dr. Schacht. You see, your purpose in this trial and mine aren't exactly the same.

A No, no, I know that.

Q Now, you also received full information about the operation of the Gestapo from Gisevius in 1934 or '35 as he testified, di you not?

A No, he did not say that. He said that he knew about these matters. He didn't tell me everything, but I said earlier today, this morning, that I admit that certain matters were communicated to me by him, and that I could and did draw my conclusions from that. At the beginning of May '35 I had already discussed that matter with Hitler.

Q You were informed about the Gestapo terrorism, Reichstag Fire--

A The Reichstag Fire.

Q -- the falsity of the purge claim --

A Just one moment. May I go in the right order. The Reichstag Fire was something that I was told years later. It was done by the late Count Helldorf who has been mentioned by Gisevius.

Q You mean Gisevius never told you about that?

A I think I heard it from Helldorf. I may have heard it from Gisevius but I think it was Helldorf. But at any rate, it was after '35 that I heard about it. Until then, I didn't think it was possible.

Q You never doubted Gisevius' word when he told you in 1934 or '35 as he testified, did you?

A Just a moment. He told me either in '34 or '35, but not '34 and '35, and when he did tell me, well if Gisevius said so, I assume that it is true.

Q It was then that you knew about the persecution of the churches and the destruction of the labor unions, wasn't it?

H0121 - 0082

A The destruction of the labor unions took place as early as May '33.

Q You knew all about that, didn't you?

A I didn't know all about it, but it became known to me. I knew just that, what every other German know about it, and what the labor unions knew themselves.

Q As a matter of fact, that was one of the reasons for the contributions by yourself and other industrialists to the Nazi Party, wasn't it?

A Oh, no; oh, no. That was never mentioned.

Q You mean that meetings of industrialists were held and as important a thing to industry as the destruction of the labor unions was never mentioned in your conferences?

A I don't know about it. Please will you remind me of anything in particular.

Q Confiscation of the properties, the putting of labor union leaders into concentration camps.

A I heard about it. Just a minute. Just who went to concentration camps, that I don't know. Regarding the confiscation of the property, I was informed because that was publicly announced. But as far as industrial meetings are concerned, if I understand you correctly, that is something I don't know.

Q Now, you also knew very early about the persecution of the Jews, didn't you?

A I have explained with great exactness here today just what I did know about the persecution of the Jews, how I acted in connection with the persecution of the Jews, and that as long as I was minister I did everything to prevent these things.

Q I understood your generality, and I am trying to get at a little more detail about it, Dr. Schacht. Did you not testify as follows, on your interrogation on the 17th of October 1945:

"The National Socialists, as I took it from the program, intended not to have such a great percentage of Jews in the Governmental and cultural positions of Germany, with which I agreed."

A Yes.

H0121-0083

Q "Question: Well now, you had read Mein Kampf, had you not?

"Answer: Yes.

"Question: And you know the views of Hitler on the Jewish question, did you not?

"Answer: Yes."

You so testified, did you not?

A Yes.

Q "Well now, during your time as Reichsminister, statutes were passed, were they not, prohibiting all Jewish lawyers, for example, from practicing in the courts?

"Answer: Yes, that is what I said.

"Question: Did you agree with that?

"Answer: Yes."

Did you say that?

A Yes.

Q And you did agree?

A Yes, I always agreed with the principle.

Q Yes. And you also agreed with the principle of excluding all Jews from civil service positions, did you not?

A No. I want to emphasize in this connection --

Q Well --

A May I finish?

Q Yes.

A -- that I agreed with the principle about the dominating Jewish influence in the legal government circles, or rather, I always said that I did not consider that the dominating influence was favourable and was neither in the interest of Germany nor the German people, because that was a Christian state and based on Christian conceptions, nor was it in the interest of the Jews since it would increase animosity against the Jews, or rather, awaken it.

I was always for a limiting of the Jewish participation, limiting of figures in this connection, not actually based on the population figures, but perhaps on a certain percentage.

H0121-0084

Q Well, let's go on with the interrogation. The interrogations are always so much briefer than the answers made in court where the press is present, if I may say so.

Did you not give these answers:

"Question: Now, with respect to civil service, there was this aryanization clause that was put in. Did you agree with that legislation?

"Answer: With the same limitation.

"Question: Now, did you ever express yourself in the Cabinet or elsewhere to the point that you wanted these restrictions put in, restrictions you have been talking about?

"Answer: I don't think so; useless to do it.

"Question: You say 'useless todo it'?

"Answer: Yes.

"Question: I thought you said at one time or another that the reason you stayed in is because you thought you might have some influence on polity.

"Answer: Yes.

"Question: You didn't consider this as important enough a matter to take a position on it?

"Answer: Not important enough matter to break."

A To break?

Q To break.

A That's right.

Q Then, you were asked this:

"You certainly signed a law with respect to the prohibition against Jews receiving licenses to deal in foreign currencies."

Do you remember that?

A Yes.

HO121-0085

Q "Answer: Yes, it may be.

"Question: You were in favor of that?

"Answer: I don't remember what the details were of that question.

"Question: Well, it is not a matter of details. The question is a matter of discrimination.

"Answer: Yes. "

You said that?

A Yes, certainly.

Q You were in favor of that legislation, or were you not?

A Is that the question now?

Q I am asking you now.

A Yes.

Q You were in favor of it. You were not when you were interrogated.

A Well, you see how difficult it is.

Q The question then was, were you in favor of it, and you said "I wasn't in favor, but I had to sign it.

"Question: Well, you were the only one who signed it. You were the Reich Minister of Economics."

A Yes.

Q "Question: And, obviously, it was a bill which was put in by your Ministry, was it not?

"Answer: Yes."

Is that correct?

A Yes, I assume so; You see, in these matters there were differences, fine differences in principle. I developed my policy before as to what extent these individual laws went. That is a question of policy or politics, you can say this or that today.

Q Now, you also favored the law and signed the law prohibiting all Jews from being admitted to examinations for public economic advisors for cooperatives, for example.

A Yes, possibly. I don't remember. Probably it is right.

H0121-0086

Q And you also approved a law imposing the death penalty on German subjects who transferred German property abroad or left German property abroad.

A Yes.

Q And of course you knew that that affected, chiefly and most seriously, the Jews who were moving abroad.

A I hope that the Jews weren't deceiving or cheating any more than the Christians. I hope the Jews didn't cheat any more than the Christians.

Q Well, the death penalty on German subjects for transferring German property abroad was you idea of a just law?

A I don't understand. My idea?

Q Yes.

A It was an idea of the Minister of Finance, and I put my signature on it.

Q Now, the question was then asked you after these were recited:

"Well, now, was there a matter of conscience involved, or was there not?"

And you answered: "To some extent, yes, but not important enough to risk a break."

A Yes.

Q And the question: "Yes. In other words, you had quite another objective which was more important."

A That's right;

Q "Well, what was that objective, Dr. Schacht?" I am still reading. It saves time.

A Oh, pardon me;

Q "Answer: Well, the objective was to stay in power and to help carry this through in an ordinary and reasonable way.

"Question: That is to say, the restoration of the German economy.

"Answer: Quite.

"Question: And the completion of the armament program.

H0121-0087

"Answer: The completion of the International equality, political equality of Germany.

"Question: By means of armament, as you yourself have said.

"Answer: Also by means of armament."

A All correct, and I stand by that today.

Q Yes. Soothe armament question was so important that you didn't want to risk any break about the Jews.

A Not the armament question but the equality of Germany.

Q Well, now, I just asked you "by means of armament, as you yourself have said."

A And I say, also by means of armament. That is one of the means.

Q Yes, and it is the only one that was used ultimately, wasn't it?

A No, it wasn't. There were other ones.

Q We will get to that in time.

Now, isn't it a fact that you also approved the law dismissing all Jewish officials and notaries public?

A That is possible.

Q And you wrote to Blomberg on the 24th of December 1935, giving your motives, did you not, saying this:

"The economic and illegal treatment of the Jews, the anti-Church movement in certain Party Organizations, and the lawlessness which centers in the Gestapo, create an injury to our rearmament task, which could be considerably lessened through the application of more respectable methods, without abandonment of the goals in the least."

H0121-0088

You wrote that, did you not?

A Yes. I quoted it myself yesterday.

Q Now, as to the rearmament program, you participated in that from three separate offices, did you not?

A Yes. I don't know which ones you mean, but please go ahead. Please assume so.

Q I will list them. In the first place, you were Plenipotentiary for War.

A Yes.

Q That was the secret office at first.

A Yes.

Q You were president of the Reichsbank. That was the financial end of it.

A Yes, yes.

Q And you were Minister of Economics, in which position you had control with the Minister for the general economic situation.

A Yes. They weren't controls so general that I can confirm your statement just like that, but I was Minister of Economy.

Q Now, let us take up first this position of Plenipotentiary for War. You have testified that this position was created for two purposes:

"(a) Preparation for war. (b) Control of the economy in the event of war."

Is that correct?

A That means preliminary planning in the event that a war should happen, and the direction of economy in the event of the outbreak of war having taken place, that preliminary period and the later period during war.

Q And you were asked about your functions and gave these answers, did you not:

"As the Chief of Staff, worries in advance about mobilization from the military point of view" -- so you were concerned with it from the economic point of view.

A Yes.

Q And your position as Plenipotentiary of War was of equal rank with the War Ministry, was it not?

H0121-0089

Q And, as you told us, those charged with responsibility in event of war were, first, the Minister of War and the Chief of the General Staff of the Wehrmacht; and, secondly, on an equal footing, Dr. Schacht, as Plenipotentiary for Economics. Is that correct?

A I assume so, yes.

Q And in January of 1937 you wrote this, did you not?

"I am engaged in the preparation of the war economy, according to the principle that our economic war organization must be so organized in time of peace that the war economy can be directly diverted in case of emergency from this peace time organization, and has not to be duly created at the outbreak of war."

A I assume that that is correct.

Q And who was your Deputy in that office? Wolthardt?

A I think it was Wolthardt.

Q Now, those being your functions as Plenipotentiary for the War Economy, let's turn to your functions as President of the Reichsbank.

You have said that the carrying out of the armament program was the principal task of the German policy in 1935, did you not?

A No doubt.

Q There is no doubt that you voluntarily assumed the responsibility for finding financial and economic means for doing that thing.

A- Indubitably.

Q And you were the financial and economic administrator in charge of developing the armament industry of Germany.

A Oh, no; no, in no way.

Q Well, I may have misunderstood you.

"Question: Now, in connection with this development" -- I am referring to your interrogation of the 16th of October, 1945, US Exhibit 636.

"Now in connection with this development of the armament industry, you charged yourself as the financial and economic administrator of it." Nodding your head.

A What?

Q Nodding your head.

H0121-0090

A Yes.

Q "You charged yourself" — I will ask the whole question so you will get it.

A Yes.

Q "Now, in connection with this development of the armament industry, you charged yourself as the financial and economic administrator of it." The record says that you nodded your head.

The next question was: "And in that connection you took various steps. Would you be good enough to describe for us the larger steps which you took with reference to this goal of rearmament, first, internally, and, secondly, with respect to foreign nations?"

"Answer: Internally I tried to collect every money available for financing the MEFO bills. Externally I tried to maintain foreign commerce as much aspossible."

Did you make those answers, and are they correct?

A I am sure that you are correct.

Q And your purpose in maintaining foreign trade was to obtain enough foreign exchange to permit the imports of raw materials, not manufactured, which were required for the rearmament program. Is that not correct?

A That is the question that was put to me. Now comes the answer. Please, will you look at the answer?

Q What is your answer now?

A My answer today is that that was not the only aim.

Q Not the only aim?

A Right.

Q But that wasthe primary aim, was it not?

A No, not at all.

Q All right, what was the other aim?

A To keep Germany alive, to assure Germany being at work, to obtain sufficient food for Germany/

Q What was the dominant aim?

A The food supply in Germany and the occupation for the export industry.

H0121-0091

Q Well, I should like to go over one or two of these documents with you as to your aim. I refer to Document 1168-PS of May 3, 1935.

A Yes.

Q Entitled "Financing of Armament", Exhibit 37.

"The following comments are based on the assumption that the accomplishment of the armament program in regard to speed and extent is the task of German Policy, and that therefore everything else must be subordinated to this aim, although the reaching of this main goal must not be imperiled by neglecting other questions."

Did you write that?

H0121 - 0092

A Not only did I write it, but I handed it to Hitler personally. It is one of twin documents, one of which has already been submitted as an exhibit by the Prosecition; it has been treated quite in detail by the Prosecution. I did not receive the second document.

When my defense counsel examined me I stated here that I was keen tha Party collections and Party money, which was drawn from all sources of the German Reich, should be stopped, because the difficulty for me was to get the money to finance rearament and the cashing of Mefo bills It was extremely difficult.

I could only get that point across before Hitler if I told him that it was a matter of course that this was being done in the interests of rearmament, and I told him that this was done --

Q Yes, but --

A Please let me finish; please don't interupt me, I want to finish.

If I had told him that this was done in the interest of building a theater, or something like that, that would not have pleased him. However, if I told him it must be done because otherwise we couldn't rearm, then that was the very point wher I could touch Hitler, and that is why I said so, as I admitted during the examinati by my solicitor.

Q And you didn't call that misleading him?

A I wouldn't call it "misleading"; I would call it "leading".

Q But leading, without telling him the true motive which you were actuating, at least.

A I think you can score many more successes when you want to lead someone if yo don't tell them the truth than if you tell them the truth.

Q I am very glad to have that frank statement of your philosophy, Dr. Schacht. I am greatly indebted to you.

Well, you devised all kinds of plans, one for the control of foreign exchange, blocked foreign accounts, and Mefo bills was one of your principal devices for financing was it not?

A Yes.

Q Now, I don't care about the details of Mefo bills, but I would like to ask yo this. Isn't it correct, as you testified on the inquiry of the 16th of October, 194 --United States Exhibit 636--as follows?

"Actually, as a matter of fact, let me ask you this. At the time when you start

H0121 - 0093

the Mefo bills, for example, there were no ready means available for financing t the rearmament?

A Quite.

Q That is to say, through normal budget finance methods?

A Not enough.

Q Also, you were limited at that time by the statute of the Reichsbank which was required by the armament program.

A Quite.

Q And you found a way?

A Yes.

Q And the way you found was by creating a device in effect which enabled the Reichsbank to lend, by a subterfuge, to the Government what it normally or legally could not do?

A Right.

Q Is that true?

A Yes, of course.

Q The following questions were then asked:

"I understand that basically what was built up in Germany in the way of an armaments industry, a domestic economy that was sound, and a Wehrmacht, the efforts that you put in from 1934 to the spring of 1939, when Mefo financing stopped, were responsible in large part for the sucess of the whole program.

A I don't know whether they were responsible for it, but I helped a great deal to achieve that"

A Yes.

Q And you were asked as follows, on the 17th of October 1945:

"In other words, in effect you are not taking the position that you are not l largely responsible for the rearming of the German Army.

A Oh no, I never did.

Q You have always been proud of that fact, I take it.

A I wouldn't say proud, but satisfied"

Q Is that still your position?

A To that I should like to say this. The question of Mefo bills is quite certainly a system of financing which normally would never have happened. During my examination by my solisitor I have since made a statement on the subject. But, on

H0121 - 0094

the other hand, I can say that this question was dealt with by all legal experts in the Reichsbank and by that means of this subterfuge, as you put it, means were found, which was legally possible.

Q No, I didn't put it; you put it.

A All right, I beg your pardon; what you quoted as being my answer. I beg yo your pardon.

Q So the matter was legally investigated, and we told ourselves, "Thatnis the way we can work it."

Apart from that, I am still satisfied today that I contributed to rearmament, only I wish that Hitler had used it differently.

Q Well, on your 60th birthday Minister of War Blomberg said that, "Without your help, my dear Mr. Schacht, none of this armament could have taken place," did he not?

A Yes, those are the sort of polite words one says on such occasions. But there is quite a bit of truth in it too; I have never denied it.

Q That is the way it looks to me.

Now, when you finally made some suggestion that the armament should stop, or slow up, as I understand it, you made that suggestion without knowing what the armament was.

A Yes.

Q The only thing you were judging by was financial conditions, was it not?

A Oh no.

Q Well, what was it?

A I did, of course, have a general impression of these matters because General Thomas always talked to me about these things. However, what General von Blomberg thought is something which I don't remember, and I don't remember that he has given me detailed information. But, of course, generally I was informed regarding the approximate progress made by rearmament, and that was the reason w why I said "mark time". My opinions were strengthened because of the general conditions.

Q Well now, let's see what reasons you gave in Exhibit EC-286. That is US-833.

"I am therefore of the opinion that we should promote our export with all resources by a temporary"--and I emphasize the word "temporary" -decrease of armament."

H0121-0095

A "Decrease"?

Q "Decrease", yes, "temporary".

A Yes.

Q I emphasize "temporary" and you emphasize "decrease".

A Oh no, no; I agree with you.

Q "And that further, with reference to the Four Year Plan, we should solve only those problems which appear most pressing. Among these I include the gasoline program, the buna program, and the program of developing internal resources insofar as this development does not of itself require large amounts of raw material which must be withheld from export.

"On the other hand, all other measures of the Four Year Plan should be postponed for the time being. I am covinced that by such a policy our export could be increased so greatly that our exhausted stockpiles would experience a certain improvement and that the resumption of a strengthened

H0121-0096

armament would again be possible in the not too distant future from the point of view of the raw material situation. To what extent a temporary postponement of armament would have military advantages, I am unable to say. Yet, I would suppose that such a pause in armament would not only have advantages for the training of officers and men, which has yet to be done, but that this pause would afford an opportunity to survey the tehcnical results of previous armament and to perfect the technical aspect of armament."

Now that you addressed to Goering, did you not?

A. That is perfectly possible. I can't remember the letter, but it looks just like one of mine.

Q. Yes, and you were correctly giving to Goering your true views, were you not?

A. No; I believe that this was a very tactical letter. I think that I was trying to limit rearmament. If I had told him that we wanted to stop rearmament, then Goering would probably have denounced me before the Fuehrer accordingly. Therefore I told him, "Let's stop a bit, temporarily." I emphasized, too, the temporary thing. It was a tactical measure to convince Goering that for the time being it should be temporary.

Q. Then, with your fellow officers in the Government you were also using tactical statements which did not represent your true views?

A. That was necessary to the utmost degree.

Q. When did it cease to be necessary, Dr. Schacht?

A. Cease?

Q. Yes; when did it cease to be necessary?

A. I think it more important that you should ask when it commenced; when it started.

Q. Well?

A. During the first years I didn't do that sort of thing, but later on, to a considerable extent, I think you can say permamently; it never stopped.

Q. Has it stopped now?

A. I have no more colleagues, and here before this Tribunal I have to do nothing but tell the truth.

H0121-0097

Q. Well, on the 24th of December, 1935, you wrote EC-293, which is United States Exhibit 834, and used this language, did you not?

"If a degree of armament going beyond these is now demanded, it is, of course, quite far from me to deny or change my advocacy of the greatest possible armament, expressed for years, both before and since the seizure of power; but it is my duty to point out the economic limitations of this policy."

A. That is pretty good.

Q. And that is true?

A. Yes.

Q. Now, there came the Four Year Plan in 1936?

A. Yes

Q. You did not like the appointment of Göering to that position?

A. I thought he was unsuited. Apart from that, of course, it gave an opening for a policy which was opposed to mine. I knew perfectly well that now the exaggerated rearmament was starting, whereas I was for restricted re-armament.

Q. Why do you say that Goering's appointment meant exaggeration of armament? Can you point to anything that Goering has said in favor of re-armament that is any more extreme than the things you have said?

A. Oh yes.

Q. Will you do so?

A. Yes, I think if you read the record submitted on the so-called "Small Ministerial Council", which you yourself have introduced, of the year 1936, and in particular 1938, you will then see at once that here the necessity of increased armament was emphasized. Take, for instance, October-November 1936

Q. Well, it was also emphasized in your documents, was it not, throughout?

A. No.

Q. You say that your statements of that sort were merely tactical.

A. No, I beg your pardon. I said "rearm within the limits of the economic possibilities, and reasonably." Goering, if I may say it again, wanted to go beyond those limits.

Q. That is exactly the point I want to make. Your difference with

H0121 - 0098

Goering over rearmament was entirely a question of what the economy of Germany would stand, was it not?

A. No. I said: "The most important thing is that Germany live and that it have foreign trade, and within the limits of that we can rearm. But that Germany should rearm more, merely to rearm, and ruin here economy, that is out of the question."

Q. Well then, the difference between you and Goering was over what the economy would stand, was it not?

A. No, but what the degree of rearmament should be, because this is the point, Mr. Justice Jackson. The things that Goering had done were also borne by German economy. The only question is, was it reasonable or unreasonable?

If I may quite clearly state it, then I would say that I considered Goering's economic policy as unreasonable and a burden to the German nation, whereas my first and the most important argument was that rearmament should not go any further, but that the German nation should have a normal, peace-time standa

THE PRESIDENT: The Tribunal will adjourn.

(A recess was taken until Friday, 3 May 1946, at 1000 hours.)